Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rates for Local Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

COMMENTS OF THE CORPORATION COMMISSION OF THE STATE OF KANSAS ON ALL SECTIONS OF THE FEBRUARY 9, 2011 NPRM EXCEPT SECTION XV[1]

[1] On April 1, 2011, the Kansas Corporation Commission filed separate comments addressing Section XV.

EXECUTIVE SUMMARY[2]

The Kansas Corporation Commission ("KCC") supports the Federal Communications Commission's ("FCC's" or "Commission's") efforts to reform universal service and intercarrier compensation rules, especially to promote broadband deployment–so long as reforms undertaken do not have the effect of unraveling the Kansas telecommunications infrastructure that has been built over the last 15 years through a federal/state partnership. In many ways, Kansas is a model of how the federal/state partnership can work to leverage the benefits of support for mutual policy goals, universal service and broadband deployment.

Kansas adopted telecom reforms very early. In 1997, Kansas established its own universal service fund, the Kansas Universal Service Fund ("KUSF"), and began the process of reducing intrastate access rates to interstate levels. The KUSF has supported network advances that have promoted broadband deployment, predominately in areas served by rural incumbent local exchange carriers ("ILECs").

The FCC's many proposed rule changes put much at stake for Kansas. Kansas is heavily dependent on federal Universal Service Fund ("FUSF") support to keep rural rates affordable and FUSF support to help fuel broadband deployment on wireless and wireline networks. Kansas' ability to absorb cost shifts is limited. Kansans have made up for lowered intrastate access charges through a combination of higher local rates and

[2] The KCC is currently addressing many issues, including some of the subject issues, in KCC Docket No. 11-GIMT-420-GIT. Nothing in these Comments should be interpreted to in any way bind the KCC in that state proceeding or to suggest that the KCC has accepted, rejected, or prejudged any of the positions of any of the parties in such state proceeding.

substantial KUSF contributions for many years. It is against this background that the KCC makes the following recommendations.

First, the FCC should temper its initiatives, so that it imposes less risk to achieving affordable rates and reasonably comparable services in rural areas as it transitions reforms. The KCC supports flexibility and moderation in implementing rule changes for all providers affected. The Commission should be cognizant of loan commitments and other long-term obligations entered into by carriers (primarily but not exclusively ILECs) under the current universal service and intercarrier compensation scheme. The FCC should not take abrupt actions that would jeopardize repayment and overturn the reasonable expectation of carriers and their lenders, including the Rural Utilities Service ("RUS"), which is another federal agency. For that could jeopardize providers' RUS loans. Because general rules cannot adequately cover every situation, the FCC should allow competitive eligible telecommunications carriers ("CETCs") and ILECs to petition for exceptions from general rules eliminating support where necessary to ensure universal service.

The FCC should give providers and state commissions ample transition time to accommodate the many rule changes. In particular, states will need to adjust state mechanisms and potentially evaluate numerous providers' requests for increased state support to make up for FUSF losses.

The FCC suggested conditioning federal broadband support on states providing matching support for broadband. (This refers to direct support for broadband, as opposed to the indirect support that occurs when the FUSF or KUSF supports a voice network that is also used for broadband.) For the KUSF to provide matching support to broadband

directly, the KCC will need to conduct a proceeding to add broadband as a supported service. This will take time, so any matching requirement should have a delayed implementation date.

Second, the FCC should prioritize support for early-adopter states that have already reduced intrastate access rates to interstate levels and established state funds. In many cases, customers have for years paid more in local rates to offset carriers' intrastate access revenue losses, and state fund contributions. For example, instead of reclaiming IAS support (distributed to both ILECs and CETCs in a state) from early-adopter states and re-distributing it elsewhere in the country, the FCC should target reclaimed IAS support from an early-adopter state for broadband build-out *in that state's unserved areas*. The FCC should resist the temptation to award support to states simply based on the size of intrastate access reductions made in the future as a result of its new rules, thereby penalizing states which have reduced access rates in the past and have already allowed corresponding increases in local rates charged to consumers to occur.

Third, as the statute contemplates, the FCC should continue having states designate eligible telecommunications carriers ("ETCs") so that states have the power under 47 U.S.C. §214 to enforce universal service-related obligations. Without state jurisdiction under Section 214(e) over ETC certification, Kansas would not have the authority it needs to fulfill this role, and the FCC would have much additional work to take on. Moreover, it would be contrary to statute for the FCC to establish federal support programs that do not require ETC certification, thereby bypassing the investigation and certification roles Sections 214(e) and 254 assign to the States.

Fourth, to achieve long-term national intercarrier compensation ("ICC") reform, the FCC should provide incentives for states that have not already done so to undertake intrastate access reform or for states to continue reducing intrastate rates to interstate levels while not penalizing early-adopter states. The FCC should establish rate benchmarks for carriers as a means of addressing revenue shortfalls from changes in FUSF support and ICC. Additionally, if the FCC modifies the subscriber line charge ("SLC"), such changes should be applicable only in states that have not implemented access reform. Alternatively, such changes could be deferred in early-adopter states, until the remaining states reduce access rates to interstate levels.

Fifth, this long-term ICC scheme should provide predictability of rates for carriers and investors. Rather than moving to a bill-and-keep regime, the FCC should set a goal of reaching a uniform cost-based compensation rate, regardless of traffic type. However, the FCC should acknowledge that because costs vary by carrier and thus, the ICC rate may vary by carrier.

Finally, it is imperative that a review of the initial FUSF and ICC reforms be conducted to determine the effect on the telecommunications industry and consumers and to ensure that the benefits of reform outweigh the costs. The FCC should not adopt long term reforms until it assesses near term reforms thoroughly and completes a course correction process.

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COMMENTS OF THE
CORPORATION COMMISSION OF THE STATE OF KANSAS

I. INTRODUCTION

1. The KCC submits these comments on all sections other than Section XV of the FCC's *Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking* released in these dockets on February 9, 2011 ("NPRM").

2. The KCC supports the FCC's efforts to modernize the FUSF and ICC mechanisms to ". . . make affordable broadband available to all Americans and accelerate

the transition from circuit-switched to IP networks . . ."[3] Governor Sam Brownback declared in his inaugural State of the State message that "updating telecommunications policy is important for facilitating broadband and wireless deployment in Kansas."[4] Like the FCC, Governor Brownback recognizes the importance of broadband deployment as an essential element of economic expansion. Yet, to fully accomplish economic development, the FCC's modernization effort must be tempered by its responsibility under the Federal Telecommunications Act to provide predictable and sufficient support to advance reasonably comparable services at reasonably comparable rates in urban and rural areas.[5]

3. Reform of FUSF and ICC are laudable, and supported by the KCC – so long as those reforms undertaken do not have the effect of unraveling the Kansas telecommunications structure built over the past 15 years or create a system where state support system is required to supplant traditional federal universal service support for which it is neither designed nor capable of doing. In these comments the KCC is guided by the policy goals set out in the Kansas Telecommunications Act ("KTA"). Kansas Statutes Annotated (hereafter, Kan.Stat.Ann.) 66-2001, states:

> It is hereby declared to be the public policy of the state to:
>
> (a) Ensure that every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price;
>
> (b) ensure that consumers throughout the state realize the benefits of competition through increased services and

[3] NPRM, par. 10.

[4] 2011 State of the State Message found at https://governor.ks.gov/media-room/speeches/2011/01/12/2011-State-of-the-State-Message, January 12, 2011.

[5] 47 U.S.C. § 254(b).

improved telecommunications facilities and infrastructure at reduced rates;

(c) promote consumer access to a full range of telecommunications services, including advanced telecommunications services that are comparable in urban and rural areas throughout the state;

(d) advance the development of a statewide telecommunications infrastructure that is capable of supporting applications, such as public safety, telemedicine, services for persons with special needs, distance learning, public library services, access to internet providers and others; and

(e) protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity.

4. The KCC is concerned that the Commission may be attempting to do too much in too short a timeframe. Fundamental in the policy goals listed above, is the need for a first class infrastructure. FUSF support, KUSF support, and ICC revenues have all been a part of developing the Kansas infrastructure that exists today—the infrastructure upon which broadband services, whether of a fixed or mobile nature, are dependent in some part. As the Commission stated in the opening sentence of NPRM, "[b]ring robust, *affordable* broadband to all Americans is *the great infrastructure challenge* of our time." (Emphasis added.) Yet, somehow, over the course of 703 paragraphs and 289 pages of the NPRM, the recognition that everything the Commission seeks to accomplish in terms of broadband is fundamentally dependent upon the existence of a robust, underlying infrastructure has been subsumed in detail. As it proceeds, the FCC is encouraged to retain its focus on preserving the existing enhanced infrastructure.

5. In these comments the KCC addresses certain near term reform and ICC issues that impact Kansas consumers. The KCC also provides background information and data for the record to support its recommendations. The following is a brief summary of its recommendations:

- The Commission should add affordability as a policy priority for FUSF reform;
- It should give states time to modify their rules to include broadband as a supported service if it wants to encourage states to provide matching funds to qualify for CAF or Mobility Fund support;
- It should continue having states designate ETCs under Section 214, so that states have the power to enforce public interest obligations;
- It should set broadband metrics at a sufficiently high level for broadband services needed such as telemedicine and should measure compliance in rural areas separately for providers that serve both non-rural and rural areas;
- It should exercise caution in affecting providers' obligations assumed under the current FUSF and ICC scheme, such as RUS loans;
- It should allow ILECs and CETCs to petition for exemption from general rules eliminating support;
- It should encourage states to implement access charge reductions;
- It should give states time to modify intrastate access charges in a manner that preserves affordability and avoids rate shock;
- It should give early-adopter access reform states priority in receiving broadband support, for example, by targeting reclaimed IAS support (ILEC and CETC) from an early-adopter state for broadband buildout in that state's unserved areas through the competitive CAF mechanism;
- It should establish rate benchmarks for addressing ICC reform related revenue shortfalls so early-adopter states are not penalized by greater FUSF burden;
- It should apply SLC changes only in states that have not implemented access reform or postpone applicability of the SLC in early-adopter states;
- It should transition wireless termination charges in the same glide path as other rates are transitioned as existing interconnection agreements sunset;

- It should set a goal of reaching a uniform compensation rate regardless of traffic type. However it should acknowledge that the rate may vary by carrier since costs vary by carrier.

- It should evaluate all near term reforms comprehensively before adopting long term reform for both FUSF and ICC mechanism.

II. KANSAS BACKGROUND

6. The FCC's actions in these dockets will heavily impact Kansas because it is predominantly a rural state substantially dependent upon federal and state universal service support to keep rural rates affordable and to support continuing infrastructure and network upgrades.

A. Kansas is a Predominantly Rural State Served by Many Rural Companies

7. Kansas is one of the most rural states in the nation, ranking 42nd in population density based on 2010 census data. On many public policy issues, Kansans must always be mindful of what is referred to as the "Buffalo Commons," a regional metaphor predicting the emptying (or at least the decline in population) of the High Plains from Canada on the north to New Mexico and Texas in the south, including virtually all of rural Kansas. In 1987, as part of their famous, controversial proposal for a "Buffalo Commons," Drs. Frank and Deborah Popper of Rutgers University showed that hundreds of counties in the American West still have less than a sparse 6 persons per square mile—the density standard Frederick Jackson Turner used to declare the American Frontier closed in 1893.[6] Today, 37 Kansas counties fall within the less than 6

[6] http://www.buffalofieldcampaign.org/habitat/documents2/Popper_and_Popper_The_Buffalo_Commons.pdf

persons per square mile "Frontier County" classification established by the U.S. Census Bureau. As Governor Brownback has recognized, providing access to state-of-the-art telecommunications services is critical to drawing population back to rural areas.

8. Kansas has a territory of 82,276.8 square miles (its dimensions are roughly 400 miles east-west by 200 miles north-south). Generally, Kansas' average population density of 34.9 persons per square mile is much lower than the national average of 87.4 persons per square mile.[7] Kansas has only two cities with population over 200,000: Kansas City (metro area) and Wichita.[8] In fact, except for those counties which are included in the three "urban" telephone exchanges (Johnson, Shawnee and Sedgwick), as "urban" is defined in Kansas telecommunications statutes, the population density is 18.4 persons per square mile. This is not surprising given that only 1.1 percent of the total area of the state is recognized as "urban".[9] This urban/rural divide continues to widen, as it has since the 1890s. See Exhibit KCC-1 for a map of population densities by Kansas County and a map indicating Urban Clusters and Urbanized Areas.

9. According to the 2010 census, almost a quarter of Kansas counties, mostly those with the lowest densities, lost 10% of their population from 2000–2010.[10] There are 105 counties in Kansas. The 10 most populous—Johnson, Sedgwick, Shawnee, Wyandotte, Douglas, Leavenworth, Riley, Reno, Butler, and Saline—now account for

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[7] http://2010.census.gov/2010census/data/ Its counties range in density from 480-square-mile Johnson County with an estimated density of 1,134 persons per square mile, to 948-square-mile Wallace County, with an estimated 1.6 persons per square mile. http://www.ipsr.ku.edu/ksdata/ksah/population/2pop23.pdf

[8] http://quickfacts.census.gov/qfd/states/20000.html

[9] http://www.ipsr.ku.edu/ksdata/ksah/population/2pop27.pdf

[10] http://2010.census.gov/2010census/data/

almost 61 percent of the state's population, while five Kansas counties have lost at least 19 percent of their populations over the last decade. Fifty-two percent of Kansas counties (or 55 counties) have a population density of less than 10 persons per square mile; 21 have a density less than 2 persons per square mile.

10. Overlaid on the Kansas territory and connecting its populous is the Kansas telecommunication system, made up of 530 "exchanges". Of those 530 Kansas telecommunication exchanges, 134 are served by Southwestern Bell Telephone d/b/a AT&T ("AT&T"), and 119 by CenturyLink,[11] with these two carriers serving 48% of all Kansas telecommunication exchanges. Maps are provided with these comments as Exhibit KCC-2 which depict the Kansas exchanges, including those served by CenturyLink and AT&T.

11. For federal purposes, Kansas is served predominantly by smaller rural telephone companies; it has only one non-rural carrier, AT&T. Indeed, of the 39 ILECs that operate in Kansas 37 operate under rate-of-return regulation and are classified as rural ILECs for both state and federal purposes. AT&T operates as a price cap carrier in both the state and federal jurisdictions. CenturyLink operates as a rural telephone company in the federal jurisdiction, but, as the second largest ILEC in Kansas, it operates as a price cap non-rural carrier for state purposes. Fifty-eight competitive local exchange carriers ("CLECs") serve Kansas customers, with only one providing service in a rural telephone company service area. In addition to the foregoing, 44 carriers offer VoIP services in Kansas, and 29 carriers offer wireless services.

[11] The United Telephone Companies of Kansas, the United Telephone Companies of Eastern Kansas, The United Telephone Companies of South Central Kansas, and United of Missouri d/b/a CenturyLink are collectively referred to as CenturyLink and are counted as one ILEC rather than four.

B. Kansas Was an Early Adopter of Telecommunications Reform Policies

12. Kansas has taken significant steps to address its own support needs, to reduce intrastate access charges, and to promote fair competition based on competitively neutral policies.

13. Kansas was an early adopter of access charge reform, implemented as a part of the KTA adopted by the Kansas Legislature in 1996. This is reflective of William Allen White's observation in a 1922 *Emporia Gazette* editorial that "[w]hen anything is going to happen in this country, it happens first in Kansas."

14. Effective March 1, 1997, and in keeping with the KTA mandate set out in Kan. Stat. Ann. 66-2005(c), the KCC required all ILECs to reduce their intrastate switched access rates to interstate levels.[12] Kansas' rural ILECs are required to maintain parity with their interstate switched access rates on a biennial basis. Thus, for the rural ILECs, maintaining switched access parity is an on-going process.[13] In other proceedings before the KCC, AT&T and CenturyLink have achieved parity with the interstate access charges the FCC established in the CALLS proceeding.[14]

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[12] *In the Matter of a General Investigation into Competition Within the Telecommunications Industry in the State of Kansas*, Docket No. 190,492-U(94-GIMT-478-GIT), December 27,1996 Order and April 29, 1998 Order.

[13] The KTA requires the rural ILECs' intrastate switched access rates be adjusted to parity, through increases or reductions, in odd-numbered years. Price cap carriers were not required to maintain parity on a biennial basis. However, the KCC reduced price cap carriers' intrastate switched access rates to interstate levels through company-specific dockets and general investigations. Kan. Stat. Ann. 66-2005(c).

[14] *In the Matter of a General Investigation into the Reformation of Intrastate Access Charges,* Docket No. 01-GIMT-082-GIT, September 25, 2001 Order Approving Stipulation and Agreement and *In the Matter of the Petition of Sprint Communications Company, L.P.; Sprint Spectrum, L.P.; and Nextel West Corp. d/b/a Sprint, to Conduct a General Investigation into the Intrastate Access Charges of The United Telephone Company of Eastern Kansas, the United Telephone Company of South Central Kansas, and the United Telephone Company of Southeastern Kansas d/b/a Embarq,* Docket No. 08-GIMT-1023-GIT, March 10, 2010 Order.

15. Along with access reductions, the KCC implemented the KUSF to fund Lifeline, dual party relay service, telecommunications equipment for persons with special needs, as well as to support universal service.[15] While the KUSF initially provided support to carriers to offset intrastate access charge reductions on a *revenue neutral basis*, it now provides support based only on carriers' *costs,*[16] where needed. Also, the KCC has established benchmarks for affordable rural residential and business rates that ensure rural customers are contributing fairly to the compensation for local services, and that limit carriers' draw from the KUSF for local service costs. While many residential rates prior to access reductions were as low as $3.00 per month and single-line business rates were as low as $5.00 per month, most rural ILEC residential rates are now $16.25 a month and single-line business rates $19.25 a month. The latter is based upon the legislative mandate provided in Kan. Stat. Ann. 66-2005(e)(2) that the single-line business service affordable rate be an amount $3 greater than the affordable rate for residential service.[17] The use of benchmark rates is optional for carriers, although even if a carrier charges a lower rate, the revenues associated with the benchmark rate are nonetheless imputed when the carrier seeks KUSF support. In any such instance KUSF support only covers revenue needed in excess of the imputed amount.

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[15] Kan. Stat. Ann. 66-2002 (h):

> The commission shall: . . . on or before January 1, 1997, establish the Kansas universal service fund pursuant to K.S.A. 66-2008, hereinafter referred to as the KUSF, and make various determinations relating to the implementation of such fund. . .

[16] It should be noted that CenturyLink is collecting a portion of its KUSF support to recognize recent intrastate access reductions on a revenue neutral basis until the KCC completes a proceeding to review the KUSF cost model for price cap carriers, KCC Docket No. 11-GIMT-420-GIT.

[17] Exhibit KCC-3. This does not include the subscriber line charge. The current rates do include a previously separate fee for touchtone.

16. Kansans have, to date, made a significant investment in support of the KUSF, based upon an assessment rate established annually by the KCC. Currently, the KUSF assessment rate is 6.18% of intrastate retail revenues, although the assessment rate in prior years has reached as high as 9%.

17. Over the past 14 fiscal years, from March 1997–February 2011, approximately $870 million has been contributed in support of universal service. Additional fees and state general funds have come from Kansans to support Lifeline, telecommunications relay services ("KRSI"), special needs customers' telecommunications equipment ("TAP"), and Kan-ed, a broadband program for schools, libraries and hospitals. Cumulatively, the Kansas contribution to date has been:

Kansas Universal Service Contributions
Program Years
March 1997 through February 2011

Kan-ed	$81,000,000
Lifeline	$20,285,842
KRSI	$28,615,648
TAP	$8,927,718
KUSF	$869,476,322
Total Contribution	$1,008,305,530

18. Kansas telecommunications carriers rely heavily on support from the FUSF and KUSF to provide affordable service.[18] In 2009, the latest date for which revenue data are available, FUSF support accounted for nearly 45% of rural ILECs'

[18] As Exhibit KCC-4 shows, all 37 rural carriers and CenturyLink received high cost support from the FUSF in 2009. Rural ILECs received approximately $128 million in federal high cost support. CenturyLink and AT&T received approximately $8 million. (AT&T receives only IAS.) Exhibit KCC-5 shows, all but five Kansas ILECs (rural and non-rural) received KUSF support. AT&T and CenturyLink receive the greatest total dollar amount of support (approximately $7 million and $17 million respectively in 2010). However, many of the rural ILECs receive a higher level of support per line. Rural ILECs, in aggregate, received approximately $26 million in 2010 in KUSF support.

revenues, ranging from a high of 74% to a low of 19%. More significantly KUSF and FUSF support together accounted for over 50% of rural ILECs' revenues. Clearly, FUSF and KUSF support have been an important factor in the ability of Kansas rural ILECs to provide universal service.

19. Kansas carriers that receive support have significant federal and state ETC obligations. Moreover, and by Kansas statute, all Kansas ILECs, both rural and non-rural, serve as carriers of last resort ("COLR"). The Kansas law allows carriers to recover their COLR costs from the KUSF, although to date no such support has been allowed to that end.[19]

20. Support has also allowed customers in the most rural areas to receive mobile wireless services at a faster pace than might otherwise have occurred. Fourteen CETCs, predominantly wireless carriers, are eligible for FUSF support in their designated areas. The result has been an implicit support of mobility service through the FUSF by the FCC, although like broadband, mobility is not a supported service.[20] In 2010, CETCs, in aggregate, received approximately $56 million in FUSF support and $6 million in KUSF support.[21] CETCs are subject to federally mandated obligations, and the KCC has imposed state obligations as well, including, e.g., a requirement to serve all customers who request service within certain limitations, and to annually file two-year build-out plans.

[19] Kan. Stat. Ann. 66-2009(a).

[20] The Commission has designated seven competitive ETCs for only Lifeline support.

[21] Exhibit KCC-5 and Exhibit KCC-6.

C. Kansas' Distance Learning Program Has Stimulated Broadband Deployment

21. Providing support for Telemedicine, Distance Learning and Public Library Services were mandated public policy goals upon the adoption of the 1996 KTA. To support such applications, the Kansas Legislature in 2001 established what is identified as the Kan-ed program.[22] Through the Kan-ed Act, the Kansas Board of Regents ("KBOR") was charged with providing a "broadband technology-based network to which schools, libraries and hospitals may connect for broadband Internet access and intranet access for distance learning."

22. Kan-ed has developed a backbone broadband network through partnerships with private companies and assisted end-user institutions with gaining additional facilities necessary to connect with the network. Kan-ed has helped stimulate demand for broadband services and provide access to valuable educational and medical services that would otherwise have been unavailable in rural areas or required substantial time and travel to access. While funding amounts have varied over time, the KUSF has funded this program at $10 million per year in recent years, and in a total amount of $81 million since the inception of the program.

D. Rural Broadband is Deployed Most Heavily in Kansas in the Service Areas of "Rural" ILECs

23. Assisted by FUSF, KUSF support, Kan-ed funding, and RUS funding, wireline and wireless broadband deployment has occurred in much of Kansas; however, this deployment has been much more robust in the those rural areas served by "rural" ILECs receiving substantial support than in the rural areas of "non-rural" carriers that

[22] Kan. Stat. Ann. 75-7223, *et seq.*

receive little or no support.[23] That broadband deployment is much greater where support has already been provided in greater amounts leads to the logical inference that sharply reducing existing support levels, as opposed to refining and tightening the basis on which support is distributed and audited, risks halting the progress in broadband deployment to date and jeopardizes the affordability of broadband service. Broadband service is of little use in rural areas unless it is affordable to those who live and work there.

24. The KCC understands that while 97.16% of all Kansas households are said to have access to terrestrial broadband at the FCC's current broadband speed definition (768 kbps download and 200 kbps upload speeds), when considering only rural areas, 5.9% of rural households do not have equivalent access.[24] The data reflect that broadband is more widely available in Kansas in those areas served by small rural ILECs who receive FUSF support than in rural areas served by AT&T, which receives only limited IAS support. This serves to illustrate the importance of the FUSF to broadband deployment. Reportedly, two counties served by rural ILECs (Stanton County and Ness County) have 100% of households with access to broadband at these speeds.[25] AT&T, which receives little FUSF support and some KUSF support, is the ILEC providing service in the greater portion of those parts of Kansas with below average broadband availability. Exhibit KCC-7 provides a map of broadband availability in price-cap ILEC

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[23] Existing support for broadband includes the indirect support that occurs when the FUSF and KUSF support voice networks that are also used for broadband and direct support for broadband connections for schools and libraries, and a variety of other programs.

[24] *Connect Kansas Residential Technology Assessment Results* provided in compliance with state and NTIA requirements found at http://www.connectkansas.org/_documents/KS_res_FINAL.pdf, slide 6.

[25] *Report to the Legislature Regarding the Availability of Broadband Services in the State of Kansas*, as directed by the 2008 Legislature in K.S.A. 66-1250 through -1254 found at http://kcc.ks.gov/pi/2011_broadband_report.pdf, Attachment C. (*KCC Broadband Report*)

(only AT&T and CenturyLink) territories while Exhibit KCC-8 provides a map of broadband availability in areas served by rural, rate-of-return ILECs. Exhibit KCC-9 provides a ranking of ILEC deployment per square mile of service territory. Similar patterns follow for broadband deployment at higher speeds. At speeds of 3-6 Mbps download and 200 kbps upload, 92.74% of Kansas households reportedly have access to terrestrial broadband.[26] Here again, Stanton County and Ness County, two counties primarily served by rural ILECs, are reported to have 100% of households with access to broadband at these speeds.[27] Additionally, 30 Kansas counties are reported to have broadband at these speeds for 95% or more of the households,[28] with these counties being likewise predominately served by rural, rate-of-return regulated ILECs who have received significant FUSF and KUSF funding and who have access to low interest RUS financing.

25. Based upon the foregoing, Kansas serves as a visible example of what the FCC recognizes is a "Rural-Rural Digital Divide" in broadband access and availability. Recognizing that 98.9% of Kansas is classified as "rural" by the U.S. Census Bureau, that the ability to deploy infrastructure necessary for robust broadband is historically dependent upon universal service support, both federal and state, and that Kansas carriers have in large part relied upon loans for infrastructure build-out, great care must be taken to recognize local conditions and needs in any USF and ICC restructuring, in order to avoid otherwise unintended adverse consequences.

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[26] *KCC Broadband Report*, Attachment E.

[27] Id.

[28] Id.

III. SETTING AMERICA ON A PATH OF REFORM

A. The FCC Should Add Affordability as a Priority for FUSF Reform

26. The FCC has indicated that its priorities for reforming the FUSF high-cost program are to:

1) preserve and advance voice service;

2) ensure deployment of modern networks capable of supporting broadband;

3) ensure rates for broadband and voice service are reasonably comparable in all regions of the nation;

4) limit the FUSF contribution burden on households.[29]

Given the importance of broadband capable networks in facilitating economic growth in rural states such as Kansas, the KCC supports these priorities. Additionally, the KCC recommends that the Commission make maintaining affordable service a main priority.[30] Research has shown that affordability is a barrier to broadband adoption. For instance, James Lose and Chichyu Li find:

> [p]rice is one of the main barriers to adoption, and prices for broadband in the U.S. are on the rise.
> . . .
>
> In addition to increasing access to broadband, adoption efforts must address affordability and overcome market conditions that have resulted in broadband service in the United States being both the slowest, and most expensive of countries surveyed.[31]

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[29] NPRM, par. 80.

[30] NPRM, par. 81. See 47 U.S.C.§ 254(b)(1) which states universal service principles includes quality services that are available at affordable rates.

[31] Losey, James and Chichyu Li, "Price of the Pipe: Comparing the Price of Broadband Services Around the Globe," *New American Foundation Open Technology Initiative*, April, 2010.

Rates should be both affordable and reasonably comparable in rural and urban areas – two related concepts which are together referred to in these comments as "affordability."[32]

27. The KCC has worked diligently for many years to maintain a balance in the Kansas public policy goals of ensuring adequate KUSF support availability, maintaining affordable prices for consumers, and limiting the KUSF contribution burden on all Kansas consumers. Its experience shows that making service affordable is equally as important as making service available. Absent affordability, access is likely meaningless.

B. States May Not Be Able to Provide Matching Funds Until They Modify Their Own Administrative Rules and/or Statutes to Classify Broadband as a Supported Service

28. The FCC seeks comments in paragraphs 86 and 87 concerning means of encouraging states to advance universal service. As stated in the background narrative, Kansas has been actively promoting universal service through its own KUSF since 1997. Kansans have contributed in excess of $1 billion to support this effort over fourteen years. Combined federal and state support has enabled many carriers to deploy modern networks based on fiber facilities and IP technology. The KCC strongly agrees that the Commission should encourage states to take actions such as these to leverage the benefits of support to achieve common goals.

29. It may be difficult for some states to provide matching funds, *per se*, for a Broadband Fund or a Mobility Fund, at least immediately. For example, the KCC would only be able to provide KUSF matching funds if the KCC or the state legislature modifies

[32] 47 U.S.C. § 254(b)(1) and (b)(3).

the state definition of universal service.[33] Any such necessary administrative or legislative action to modify the definition would likely take considerable time.

C. States Should Retain Section 214 Authority to Designate ETCs so that they Can Enforce Public Interest Obligations

30. The FCC requests comments on ETC designations and obligations of recipients of FUSF support.[34] The Commission should continue to require providers to be designated as ETCs by states to be eligible for support. By requiring designation as a precondition to receiving support, the Commission can assure it has a means to impose public interest conditions and accountability for their use of support.

31. The KCC, and presumably other states, must maintain responsibility for designating ETCs if they are to play a role in enforcing recipients' public interest obligations. The KCC has little jurisdiction, other than that under 47 U.S.C § 214, over wireless carriers and currently has no jurisdiction over broadband providers. Given the FCC's staffing constraints and state commissions' proximity and easier access to consumers, not to mention knowledge of local geographical and demographic conditions, it is reasonable for states to retain enforcement responsibilities over ETCs. However, states need authority under Section 214 to review and enforce public interest obligations on broadband providers.

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[33] The KCC has the authority to review and modify the definition of universal service. As Kan. Stat. Ann. 66-2002 (k) provides:

The commission shall: . . . commencing on June 1, 1997 and periodically thereafter, review and, to the extent necessary, modify the definition of universal service and enhanced universal service, and KUSF, taking into account advances in telecommunications and information technology and services. . .

[34] NPRM, par. 89.

D. The Commission Should Set Metrics for Broadband that Are Sufficient for High Bandwidth Services Needed such as Telemedicine and Require Providers to Meet Metrics In Rural Parts of Their Service Areas, Not Just on an Averaged Basis

32. The KCC supports requiring all recipients of high-cost or CAF funding to meet minimum metrics for broadband service as a condition of receiving support.[35] Regarding specific characteristics of broadband service (paragraphs 103-120), the KCC recommends that the FCC set obligations for broadband service that recognize the high bandwidth needs for specific services essential to rural areas. For example, in states such as Kansas, distance learning and telemedicine are vital, and the Commission should set metrics and minimum bandwidth at those levels required to reliably deliver these types of services. Further, service that is comparable to that offered in urban areas, not service that is simply deemed to be adequate, is essential to attracting business to and keeping businesses in rural areas. In today's economy, businesses have too much at stake to consider building a successful endeavor in a rural area over an urban area if that rural location cannot offer comparable telecommunications services.

33. Depending upon the metrics, some Kansas carriers may not yet meet Commission established criteria. For instance, Sunflower Telephone Company, d/b/a Fairpoint Communications, Madison Telephone, LLC, Totah Telephone Company, Inc., and Zenda Telephone Company, Inc. have a low percentage of customers with access to broadband relative to other Kansas rural ILECs.[36] Before conditioning support on meeting certain criteria for coverage or other metrics, the Commission should provide a

[35] NPRM, par. 121.

[36] Confidential Reponses to KCC Data Request Number 2.

transition period or waiver process to allow companies to reach the minimum metrics it establishes as contemplated in paragraphs 121 and 154.

34. Other companies may meet the metrics on an overall company basis, but only by an averaging process because of the services they offer in urban portions of their service territories. For instance, AT&T and CenturyLink have informed the KCC that they provide broadband at various speeds to a significant average percentage of all of their customers.[37] However, according to Connect Kansas data, only 17% of AT&T's service area (in square miles) and only 40% of CenturyLink's service area have access to broadband services at the currently-defined FCC speeds. Clearly, the services these two carriers provide in urban locations are masking lower average availability in rural locations.[38] Thus, the Commission should require that recipients of high-cost and CAF funding meet metrics specifically for rural areas so that performance in urban areas does not overstate the carriers' performance in rural areas. The FCC ran into a similar measurement problem recently in another context. It discovered that wireless carriers were obscuring their failure to achieve E911 location accuracy standards in some areas through reporting measurements averaged over large geographic areas, so that achievement in some areas masked non-compliance in other areas. To fix this problem, the FCC is now requiring E911 accuracy reporting based on smaller geographic units.[39] A similar granular approach to measuring broadband availability will be required.

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[37] Id.

[38] See Exhibit KCC-7.

[39] *In the Matter of Wireless E911 Location Accuracy Requirements, Second Report and Order*, FCC 10-176, ¶¶3, 12, 43 (Sept. 23, 2010)

35. The KCC agrees that providers must offer voice and broadband (both individually and together) in rural areas at rates that are affordable and reasonably comparable to urban areas.[40] Affordability is essential for broadband to provide the benefits of economic expansion contemplated by the FCC in paragraph 3. But broadband can only spur development in rural areas if it is affordable. The FCC should base affordability standards on the characteristics of current rural income and the portion of expenditures on telecommunications services as compared to urban data.

36. At paragraph 155, the Commission seeks comment on the role of states in enforcing compliance with public interest obligations. As shown above, states are best suited to provide enforcement because of their knowledge of local geography and demographics, and their proximity and easier access to consumers. The KCC has been successfully enforcing current FUSF eligibility criteria for many years and can continue to do so.

IV. NEAR TERM REFORMS

A. The FCC Should Exercise Caution in Impacting Carrier's Obligations Assumed Under the Existing Universal Service Regulatory Structure

37. The KCC agrees that, as the industry transitions from circuit-switched to IP-based technology, certain USF program reforms will be necessary. Throughout the reform process, the FCC must be cognizant of obligations carriers have assumed under the current FUSF mechanism, including significant financial obligations such as RUS loans. FUSF support must be sufficient to sustain investment made under existing rules, as carriers had a reasonable expectation that predictable and sufficient support would be

[40] NPRM, par. 137.

available to cover those investments. In the future, the FCC should update its rules to encourage provider efficiency, but balance this goal with assuring rural residents access to reasonably comparable services.

38. According to a report from the RUS Telecommunications Infrastructure Loan Program, 22 of Kansas' rural 37 ILECs currently have loans outstanding.[41] Additionally, carriers in Kansas, both ILECs and competitive providers, have qualified for BIP loans.[42] Several carriers have RUS obligations that they need to meet. Patty Clark, State Director for USDA Rural Development, indicated in a March 11, 2011, presentation that:

> In telecommunications, RUS financing is dependent upon sufficient, specific, and predictable revenues. USF support and ICC revenues are among the factors evaluated in virtually every RUS loan. Only 4 out of the 480 active borrowers in our nationwide portfolio did not receive high cost USF support.[43]

Kansas is recognized as a farming state, and has a robust history of collaboration with the USDA. Access to RUS funding has been and will continue to be important for Kansas rural ILECs to provide advanced networks to rural Kansans. Thus, the Commission should exercise caution over this transition so as not to impede carriers' ability to access RUS funding, or meet their continuing financial obligations to RUS.

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[41] See http://www.rurdev.usda.gov/SupportDocuments/Mar2010BorrDirectory.pdf

[42] March 11, 2011, presentation of Patty Clark, State Director for USDA Rural Development., http://kcc.ks.gov/telecom/roundtable032011/presentation_clark.pdf The KCC held Roundtable discussions on March 4 and 11, 2011, to gather input on the *NPRM* proposals.

[43] Id.

B. The Commission Should Give States and Carriers Sufficient Transition Time to Address High Cost Support Rule Changes

39. FUSF support accounts for more than 40% of Kansas rural ILECs' regulated revenues. The KCC estimates that under the proposed modifications (excluding elimination of corporate overhead support, the capping of operating and capital expenses, and an overall per-line cap on support) Kansas ILECs will lose from 16% to 18% of 2010 support levels, or approximately $25 million. Thus, if funds are to be moved away from supporting carriers that serve high cost areas, the FCC should transition modifications to High Cost Loop Support (HCLS), Safety Net Additive (SNA), Local Switching Support (LSS) and Interstate Access Support (IAS) in a manner that allows carriers to make financial adjustments.

40. Also, by statute and case law,[44] the KCC must base KUSF support for rural ILECs on embedded costs and conduct an audit when a carrier requests additional support. The KCC has recognized some portions of FUSF support as revenues in its audits. Consequently, the KCC will have to respond to 37 carriers' requests for additional KUSF support as the Commission reduces FUSF support. These audits take time, even if an expedited format can be used, and place additional strain on staffing resources used for auditing of telecommunications providers as well as providers of services in other industries regulated by the KCC. The FCC should allow a sufficient transition period for states to respond to requests for additional state support.

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[44] Kan. Stat. Ann. 66-2008 (e):

> For each local exchange carrier electing pursuant to subsection (b) of K.S.A. 66-2005, and amendments thereto, to operate under traditional rate of return regulation, all KUSF support, including any adjustment thereto pursuant to this section shall be based on such carrier's embedded costs, revenue requirements, investments and expenses.

Also see: *Bluestem Telephone Company, et. al. v. Kansas Corporation Commission*, in the District Court of Nemaha County, Kansas, Case Number 2006-CV-48, Memorandum and Decision, April 10, 2007.

41. The KCC also generally supports establishing rate benchmarks for rural carriers as a means of addressing revenue shortfalls from changes in FUSF support. The KCC has worked to bring rural rates to a level reasonably comparable to urban rates in the state and maintain affordability. Most rural ILEC residential rates are now $16.25 a month and business rates are now $19.25 a month (excluding the SLC).[45] The KCC has found this to be an effective means of minimizing the burden of the KUSF while still promoting universal service and rural development.

C. The Commission Should Cap or Model Corporate Operations Expenses, Not Eliminate them Entirely

42. At paragraph 194, the FCC proposes completely eliminating all corporate operations expenses from support. As the FCC notes, corporate operations expenses include costs for overall management, accounting and legal services, and other similar services. Carriers incur many legitimate expenses in these accounts for maintaining universal service. Completely eliminating them does not seem reasonable. If the Commission does not have the resources to conduct audits to verify the appropriateness of such expenses, then it should continue to limit corporate overhead expenses or cap at some level to provide reasonable incentives for ILECs to control costs but only after opportunity for comment has been provided to both the industry and state commissions. As with the other proposed changes, the FCC should allow a transition period that provides sufficient time for states to respond and make necessary adjustments to state funding mechanisms.

[45] See Exhibit KCC-3.

D. The Commission Should Consider Regional Caps on Capital and Operating Expenses Rather than Assume One Cap will Fairly Reflect All Regions' Needs

43. The KCC agrees that the FCC should provide carriers with incentives to control costs as it reforms USF rules. Because the Commission has been unable to conduct audits of rate-of-return carriers that are detailed enough to provide the incentives it believes is necessary, it should adopt caps on capital and operating expenses as discussed in paragraphs 203 and 204 but only after opportunity for comment has been provided to both the industry and state commissions. Again, the FCC should allow a transition period that provides sufficient time for states to respond and make necessary adjustments to state funding mechanisms.

E. The Commission Should Permit Companies Subject to Per Line Caps on Total FUSF Support to Justify Their Needs for Additional Cost Recovery

44. In paragraph 208, the FCC proposes adopting per-line caps on total FUSF support available to carriers. While it appears facially reasonable to set a cap to encourage efficiency, it should be acknowledged that, based on 2010 data, this requirement would affect three Kansas carriers (Blue Valley Tele-Communications, Inc., LaHarpe Telephone Company, Inc., and Mutual Telephone Company). Thus, it is reasonable to allow a company to make a showing that additional per-line support is necessary as contemplated in paragraph 214.

45. The KCC offers one note of caution regarding the Commission's proposals to rely on incentive regulation for rural ILECs. As can be seen from the broadband data provided in the background section of these comments,[46] those Kansas

[46] See Exhibit KCC-7 and Exhibit KCC-8.

carriers under rate-of-return regulation have been able to deploy broadband to a greater percentage of their customers than non-rural carriers have under incentive regulation. The type of regulation is likely just one factor leading to this reality; however, the Commission should be cognizant of this factor and closely evaluate the results of its proposed changes.

F. As One Means of Providing Early-Adopter Access Reform States Priority, the FCC Should Rechannel its Prior IAS Support Competitively Through the CAF for Broadband Buildout Targeted to the State's Own Unserved Areas

46. At paragraphs 297 and 298, the FCC requests comments on providing a priority to states that have implemented access reform when it awards the first phase of CAF funding. Kansas, like several other states, has already reformed intrastate access charges. Devoting IAS funds (from both ILECs and CETCs) to the states that have taken the initiative is reasonable and sound public policy. The KCC recommends that the FCC set aside Kansas IAS support for broadband deployment in unserved Kansas areas through the initial CAF mechanism.

47. According to 2010 FUSF data, Kansas carriers received approximately $6 million in IAS support for interstate access reductions. For Kansas, IAS is available to AT&T, CenturyLink and CETCs serving in the AT&T and CenturyLink study areas. It is in these very areas that are found the homes of many customers unserved by a terrestrial provider of broadband service.

48. Clearly, incentive regulation has not brought broadband access to customers in these areas and, to add salt to the wound, these customers have been subject to rate increases under the Kansas telecommunication regime to cover intrastate access revenue losses. Thus, as one means of providing priority to states that have implemented

access reductions, the FCC could allocate IAS (both ILEC and CETC IAS support) to be used to provide broadband to these areas under the first phase of the CAF. Unserved customers in these areas are most in need of broadband services and could receive greater benefits from these funds if allocated under the first phase of the CAF. The KCC is not proposing that the funds necessarily remain with the carriers currently receiving the support. Rather, the FCC should use whatever selection process it ultimately determines will lead to efficient and timely broadband deployment to redirect Kansas funds to unserved areas in Kansas.

G. The Commission Should Allow CETCs to Demonstrate Continuing Need for Support over the Transition

49. If the Commission determines that the identical support rule should be eliminated and CETC support redirected to the CAF over a transition period, the KCC supports a process that will allow mobile providers to demonstrate that continuing support for high-cost areas is necessary to maintain universal service goals.[47]

50. Access to FUSF (and KUSF) support as well as private investment has allowed many Kansas carriers to make significant investments in modern infrastructure. According to data supporting the National Broadband Map, 99.3% of Kansans have access to broadband at speeds of 3 Mbps for downloads and 768 kbps for uploads. This ranks Kansas 15th in the nation.[48] Wireless CETCs have helped Kansas move toward this achievement. When considering only wireline technology, the percentage of Kansans

[47] NPRM, par. 242.

[48] http://www.broadbandmap.gov/rank/all/state/percent-population/within-nation/speed-download-greater-than-3mbps-upload-greater-than-0.768mbps/ascending/ This includes all modes of broadband delivery.

with access to broadband drops to 93%, a ranking of 33rd in the nation.[49] In contrast, 97.9% of Kansans have access to mobile wireless broadband services, a ranking of 21st in the nation.

51. Given the importance of FUSF support to the deployment illustrated above, the KCC suggests that the Commission adopt its second proposal in paragraph 242, that CETCs have the right to petition for continuing support. Even though Kansas is said to have relatively good coverage now, based upon the FCC-approved mapping done to date, some Kansas CETCs may need more support over the transition to maintain service at affordable rates.

H. The FCC Should Give States That Have Implemented Access Reform Priority for Initial CAF Distributions

52. The KCC supports giving states that have implemented access reductions a priority in distributions from the initial CAF mechanism.[50] As set out above, if the FCC redirected the IAS support that the state would have received as an additional aid to fund broadband deployment in its unserved areas, it would acknowledge states that have taken steps to reduce intrastate access charges in an appropriate manner.

53. Most Kansas rural ILECs have utilized FUSF and KUSF to deploy broadband throughout their service areas. Many such ILECs report 100% availability or nearly 100% availability to broadband within their service territories. Unserved areas in Kansas are primarily located in the service areas of AT&T and CenturyLink where these companies could not make a business case for providing broadband service. Yet, the

[49] http://www.broadbandmap.gov/rank/all/state/percent-population/within-nation/technology-wireline-any/ascending/ Considers only wireline access to broadband services.

[50] NPRM, par. 270.

customers of these companies have been subjected to increased local rates to offset intrastate access reductions and many have not seen a benefit from increased services.

54. In addition to redirected IAS support, states that have already implemented access reductions should be eligible for further broadband deployment funds in a manner consistent with the CAF rules. The KCC supports providing these states with priority in the initial distribution of CAF funds. The Commission could use a nationwide view and make the most productive use of the funds but may vary from the most productive distribution of grants to give priority awards to states that have, through ongoing efforts, implemented access reductions. The KCC supports a *trial* of reverse auctions in this first round of CAF disbursements. However, before continuing with reverse auctions for future CAF support, the FCC should comprehensively evaluate the effects of reverse auctions on universal service and the sustainability of network infrastructure. The KCC has concerns about reverse auctions on a longer term basis, since they may not be the best way of ensuring long term sustainability of broadband networks.

V. LONG TERM VISION

A. The Commission Should Evaluate All Near Term Reforms Comprehensively before Adopting Long Term Reforms

55. The KCC agrees with the Commission's conservative approach to reform stated in paragraph 29. It proposes to monitor the outcome of immediate reforms on an ongoing basis and evaluate them comprehensively beginning no later than three years after it adopts initial reforms. In this way, it can determine course corrections before adopting the reforms for the long term.

VI. INTERCARRIER COMPENSATION FOR A BROADBAND AMERICA

56. Generally, states and the FCC have successfully addressed many regulatory issues over the decades and can successfully implement intercarrier compensation reform under the existing dual-role relationship. Through working together, the FCC and the States will meet the FCC's goals to: (1) modernize the existing rules to make affordable broadband available to all Americans and reduce arbitrage; (2) promote fiscal responsibility; (3) require carriers to be accountable; and (4) transition to a market-driven and incentive-based policy telecommunications industry.[51] Kansas has implemented intrastate access reductions such that all ILECs now have intrastate access rates that are at parity with interstate charges. Thus, most comments offered here are provided to offer insight from the KCC's experience, to ensure Kansans are not penalized by an ICC reform mechanism, and to ensure carriers are able to compete on a level playing field.

VII. CONCEPTS TO GUIDE INTERCARRIER COMPENSATION REFORM

A. The Commission Should Work Toward a Compensation Mechanism for an All-IP Network

57. The KCC supports the Commission's desire for a long-term ICC scheme that is applicable for an all IP-network.[52] The KCC agrees that ICC should be transitioned from a "per minute" basis to a more appropriate IP basis (e.g. per packet, amount of usage, etc.). The rates in this all-IP mechanism should be applied to all traffic,

[51] NPRM, par. 490.

[52] NPRM, par. 527.

regardless of the nature of the traffic. However, the long-term ICC scheme should also recognize differences in the cost to provide service in non-rural and rural areas and cost differences among individual providers.

58. This long-term ICC scheme should provide predictability of rates for carriers and investors. To do so, usage charges should be maintained, whether those charges are based on a per packet or bandwidth usage basis. Most of Kansas' ILECs already have the capability to terminate either TDM (circuit-switched) or IP traffic, but because of the certainty associated with access charges, these carriers elect to terminate traffic as TDM. The remaining Kansas ILECs are in the process of or planning network changes to transition to an IP network in order to offer services demanded by consumers. But to do so, ILECs must be very confident of revenue streams to support the necessary investment, including ICC revenue. Because a major reason to convert to all IP networks is efficiently offering interconnection to other carriers on an IP basis, other carriers taking advantage of that IP interconnection should certainly be charged for that connection where appropriate. If carriers know that they will continue to receive ICC for the use of their network, they can prepare and plan for changes in the revenues they will receive. However, if all ICC is eliminated, or a regulatory regime is in place under which carriers can more easily bill and collect intercarrier compensation when interconnecting on a TDM basis rather than on an IP basis, there will be much less incentive for carriers to expend resources or invest in facilities to transition to an IP network. Thus, the FCC should not move to a bill-and-keep scheme.

B. Intercarrier Compensation Cannot be a One-Size-Fits-All Regime

59. Intercarrier compensation cannot be a "one-rate-fits-all" regime. As the FCC appears to recognize in paragraph 542, there are distinctions between rural and non-rural carriers. Compensation rates must recognize that the cost to provide service in rural areas exceeds the cost to provide comparable services in non-rural areas and may differ among individual carriers. Ultimately, the FCC could set a goal of reaching a uniform compensation rate, regardless of the type of traffic. Movement to any such rate structure should be phased-in.

VIII. SELECTING THE PATH TO MODERNIZE EXISTING RULES AND ADVANCE IP NETWORKS

A. The FCC Should Work Cooperatively with States to Address Intercarrier Compensation Reform

60. The FCC and several states have achieved ICC reform under the existing regulatory relationship, just as they have addressed a myriad of issues over the decades. Based on this historical success, there is no need to now single out this reform effort in a different manner. Instead, the Commission should focus its limited resources toward setting a national framework for ICC, while encouraging states to implement intrastate ICC reform within a 4-year transitional period (e.g. end of 2016).

61. The KCC agrees with the FCC's observation that it should work with states on this matter.[53] The existing dual-role approach recognizes that states must evaluate how federal and state laws, as well as FCC regulations can best be implemented within their jurisdictions. States are in the best position to evaluate the status of the

[53] NPRM, par. 534.

telecommunications industry and competition within their state and how to implement ICC reform while maintaining affordable universal service. States are also in the best position to tailor ICC reform to the varying demographics they face and the timeframe necessary for any transition.

B. The Commission Should Allow Sufficient Time to Implement Reforms

62. As an early adopter of intrastate switched access reform, Kansas has achieved intrastate rate parity with interstate rates. All Kansas ILECs' intrastate switched access rates currently mirror interstate rates. Based on its experience, the KCC suggests that the Commission allow sufficient time to implement those reforms while limiting rate shock and maintaining affordable universal service. The initial access reductions implemented by the KCC were accomplished over a period of two years through a combination of local rate increases and KUSF support.[54] Rate increases were limited to $2.00 per month per year to avoid rate shock.[55] Given this experience, the FCC's proposed four-year initial transition in paragraph 548 appears to be reasonable for limiting shock to consumers.

63. The FCC must also be concerned with maintaining affordable rates as it implements access reform. In conjunction with access reform and KUSF reform, the

[54] On March 1, 1997, the KCC implemented the first phase to transition intrastate switched access rates towards interstate levels. Rural ILEC residential rates increased from a low of $3.50 towards the statewide average rate of $6.94. Single-line business rates also increased, from a low of $5.00 towards the statewide average rate of $10.94.

[55] See: Kan. Stat. Ann. 66-2005(e)(1)(c). Recovery of the remainder of the access revenue was recovered from the KUSF through a 9.0% KUSF assessment rate on telecommunications providers and users. After the KCC achieved initial intrastate to interstate access rate parity, the KUSF funding obligation was over $100 million per year.

KCC addressed affordability of rates in a separate proceeding.[56] The methodology for determining affordable rates for rural ILECs was codified into law through an amendment to Kan. Stat. Ann. 66-2005(e), effective in 2002. Thus, the KCC and rural ILECs began the process of adjusting rates to the affordable level in 2003. Once the initial phase was completed, affordable rates were recalculated for the rural ILECs for March 1, 2007 and every two years thereafter consistent with the *Bluestem* decision discussed in footnote 44. Effective March 1, 2011, the affordable rural ILEC residential rate is $16.25 and the single-line business rate is $19.25. It appears reasonable that the FCC will be able to implement changes to subscriber line charges or CAF support and maintain affordable rates over a four year period.

64. It is imperative that a review of ICC be conducted to determine the effect on the telecommunications industry and consumers and to ensure that the benefits of reform outweigh the costs. This can be accomplished in a national "refresh" period. Assume the FCC sets a four-year transition period for states to achieve access rate parity by bringing their intrastate access rates down to present (2011) interstate access rates. This will be a four year period of stability in states such as Kansas that have already achieved access rate parity. This four year period will provide time to evaluate the impact of the many other important changes the FCC will likely make at the start of the four year period, including confirming that VoIP calls are subject to access charges (if not other forms of ICC) and eliminating many existing FUSF programs. This "refresh"

[56] *In the Matter of an Investigation into the Kansas Universal Service Fund (KUSF) Mechanism for the Purpose of Establishing Cost-Based KUSF support for Rural Exchange Carriers*, Docket No. 02-GIMT-068-GIT (Docket 02-068). The affordable rate methodology was codified into law through an amendment to Kan. Stat. Ann. 66-2005(e), effective 2002.

opportunity will "enable service providers and investors time to react and plan appropriately,"[57] and will provide for a predictable ICC framework.

C. Wireless Termination Charges Should be Transitioned in the Same Glide Path as Other Rates are Transitioned as Existing Interconnection Agreements Sunset

65. To ensure that all wireless carriers pay their share of the cost of the network, the KCC suggests that the FCC adopt a default wireless termination rate to be employed in the absence of an interconnection agreement between two carriers. If such a rate is adopted, no carrier can claim that it does not need to pay to terminate its traffic for lack of a controlling interconnection agreement. Such an approach will minimize arbitrage, including inter- and intra-MTA arbitrage and ensure all carriers using the network bear an equitable share of the cost.

66. Wireless termination charges should be transitioned in the same glide path manner as other rates are transitioned.[58] Many interconnection agreements contain a "Change of Law" provision, and the KCC suggests that allowing current arrangements to expire before imposing new termination charges would be less disruptive. Today, interconnection agreements and rates contained in those agreements are approved by the state commissions, and it would be more administratively efficient to allow state commissions to continue to fulfill this role, and to implement the new termination charge regime as the existing interconnection agreements expire. The KCC suggests that during the period of negotiation and/or arbitration of a new agreement, the FCC's default rate be applicable to traffic exchanged between the parties.

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[57] NPRM, par. 490.

[58] NPRM, par. 539.

IX. DEVELOPING A RECOVERY MECHANISM

67. The KCC notes that based on the responses to one of the recently submitted data requests, the 36 responding ILECs indicate that gross ICC revenues represent, on average, 26% of the annual regulated revenues for 2008 through 2010.[59] Gross ICC for all responding Kansas ILECs totaled $89.8 million in 2008, $89.5 million in 2009, and $87.4 million in 2010.[60] Compare this to ICC revenue net of ICC expenses, reported for these same years: $89 million, $87 million, and $86.8 million, respectively. Thus, this data indicates Kansas ILECs would be minimally impacted if net revenues are considered for ICC revenue recovery. Recovery mechanisms must, however, recognize that ICC revenue is a very significant revenue stream to companies. For example, total ICC revenue, again as suggested by recently submitted data, makes up anywhere from 8% to 60% of an ILEC's total Kansas regulated revenues.[61]

68. The FCC is considering whether revenue recovery should focus only on regulated revenue, regulated and non-regulated revenue earned by the provider, or whether revenue recovery should also consider revenue earned by an affiliated entity that benefits from the PSTN. For companies that reported regulated and non-regulated revenues, ICC revenue declined to 21% of revenue.[62] And, when affiliates' revenues are recognized, ICC revenue declines to 13.5% of total Kansas revenues.[63]

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[59] Confidential responses to KCC Data Request 4. AT&T's intercarrier compensation revenues are not reflected due to the Company not responding to the KCC's request.

[60] Id. The 2010 intercarrier compensation revenue does not include revenue for two of the 36 ILECs because they have not reported 2010 data.

[61] Id. Two ILECs did not include 2010 data.

[62] Id. Reflects revenues reported by 23 ILECs.

A. The Commission's Proposed Benchmarks are Reasonable and Necessary to Ensure Early Adopter States Aren't Penalized

69. To achieve long-term national ICC reform, the Commission should provide incentives for states that have not already done so to undertake intrastate access reform or for states to continue reducing intrastate rates to interstate levels. However, the Commission must ensure that states which have already undertaken intrastate access reform are not penalized. The FCC recognizes that some states have reduced intrastate access charges and offset those reductions through state USFs, local rate increases, or a combination of these.[64] The adoption of residential and single-line business rate benchmarks will create a rate environment that is equitable between customers within a state and between states, as well as result in more comparable rates between rural and urban areas.

70. Kansas telecommunications users have funded approximately $870 million through the KUSF to support access reductions and universal service in high-cost areas. In addition, the KCC has established benchmarks for affordable rural residential and single-line business rates that not only ensure rural customers are contributing fairly to the compensation for local services but also limit carriers' draws from the KUSF for local service costs. Even if carriers choose not to charge these rates, the rates are still used to impute revenue when the carrier seeks KUSF support. In these cases, KUSF support only covers revenue needed over the imputed amount.

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[63] Id. 11 companies reported data.

[64] NPRM, par. 574.

71. The FCC proposes that the FUSF should similarly impute revenues from a benchmark local rate when calculating FUSF support. The KCC agrees with the FCC's proposal. The KCC supports adoption of a benchmark rate that is set sufficiently high to avoid penalizing early-adopter states (states that have already lowered intrastate access rates to interstate levels, and experienced the corresponding increase in local rates charged to consumers), as discussed elsewhere in these comments and by the FCC in paragraph 575. Not counting the SLC, Kansas' average residential rate for voice services offered by most rural ILECs is $16.25; AT&T's rural area residential rate is $15.70; and, CenturyLink's residential rate is $17.73.[65] The SLC adds a substantial amount to these rates on the consumer's bill. These rates are in line with those suggested by Nebraska Rural Independent Telephone Companies which recently supported a residential rate benchmark, excluding the SLC, of $19.50.[66] The KCC suggests that the FCC should also adopt a separate business benchmark. Kansas also has established an affordable rate benchmark for rural ILEC single-line business service of $19.25 which represents the residential rate plus $3.00.[67] This may be a simple, efficient way for the FCC to determine a single-line business rate benchmark. Before providing CAF or other support for access reductions, the Commission should impute the revenues that could be derived from increasing rates to the benchmark. The residential and business benchmark levels

[65] Exhibit KCC-3. This does not include the subscriber line charge but does include a previously separate fee for touchtone.

[66] NPRM, par. 575.

[67] Kan. Stat. Ann. 66-2005(e)(2):

> For single line business service at any time, an affordable rate shall be the existing rate or an amount $3 greater than the affordable rate for residential service as determined under provision (1) of this subsection, whichever is higher, except that any increase in the business service affordable rate exceeding $2 may be satisfied by increases in a rural telephone company's business monthly service rate not exceeding $2 per year, effective March 1 of the year when such rate is determined, with the remainder applied at the rate of $2 per year, but not to exceed the affordable rate.

discussed above will (a) avoid excessive FUSF expenditures, (b) avoid penalizing early-adopter states, and (c) allow reasonable levels of support where there is a true cost-based need for it.

72. After adopting a voice-only benchmark and evaluating its effectiveness, the FCC could then consider adoption of a broadband benchmark rate. The FCC could gather data on the pricing at which plans are offered for broadband services across the nation, review for outliers, and determine whether a benchmark should be set to discourage unnecessary use of CAF support.

B. An Increase in the Interstate Subscriber Line Charges Should Not Occur Until Rate Benchmarks are Met

73. At paragraph 579, the FCC seeks comments on modifying the SLC to enable additional end-user recovery before increasing the current cap. The KCC suggests that if the FCC modifies the SLC in ways that increases the amount paid by end users or increases the SLC cap, such changes should be made applicable only in states that have not implemented access reform. Alternatively, such changes could be deferred in states that have already reduced access rates to interstate levels, until the remaining states reduce access rates to interstate levels. This will prevent customers in states that have already implemented access reductions from being unfairly burdened through increased subscriber line charges.

X. CONCLUSION

74. The KCC urges the FCC to take the comments presented above into consideration in deciding this rulemaking case. As it proceeds, the FCC is encouraged to retain its focus on preserving the existing enhanced infrastructure. FUSF support, KUSF

support, and ICC revenues have all been a part of developing the Kansas infrastructure that exists today and the FCC's modernization effort must be tempered by its responsibility under the Federal Telecommunications Act to provide predictable and sufficient support to advance reasonably comparable services at reasonably comparable rates in urban and rural areas.

These Comments of the Corporation Commission of the State of Kansas are made and respectfully submitted this 18th day of April, 2011.

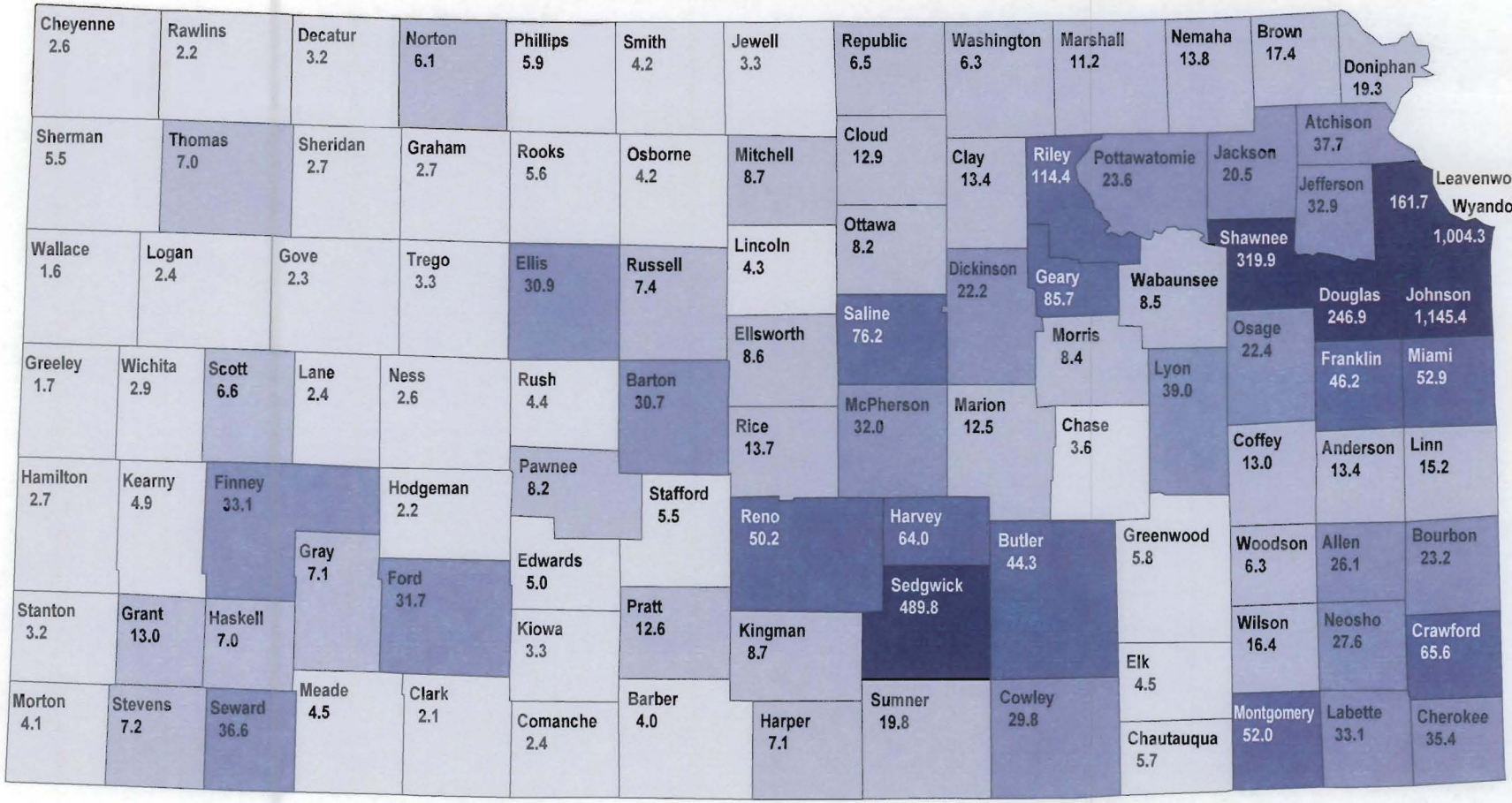
Thomas E. Wright, Chairman

Ward Loyd, Commissioner

EXHIBIT
KCC-1

Exhibit KCC-1

Population Density Classifications in Kansas by County, 2010



Source: U.S. Census Bureau, Population Estimates, Preliminary Vintage 2010.

State: 34.5

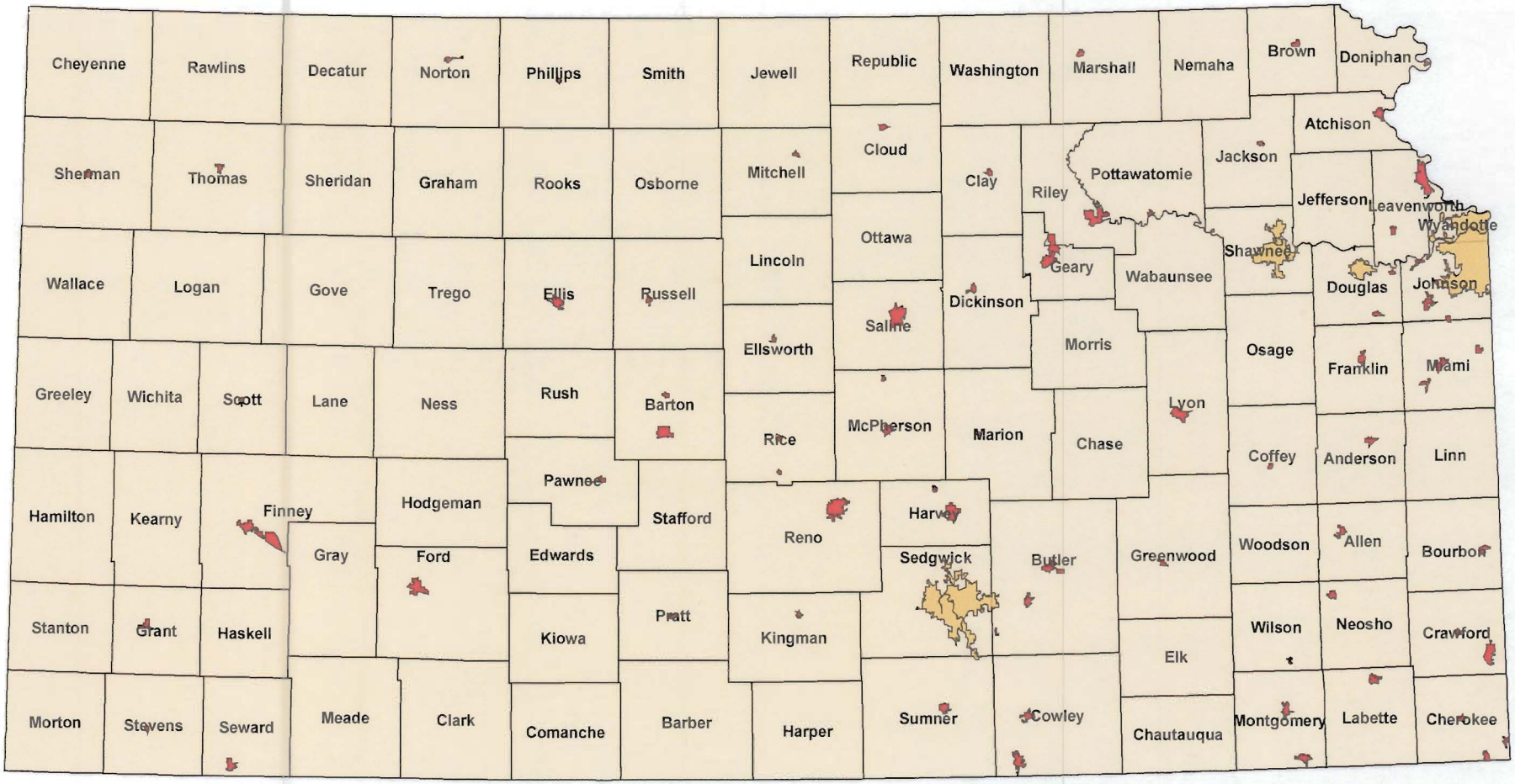
Population Density by Classification*
(persons per square mile)

- Frontier (less than 6.0 ppsm)
- Rural (6.0 - 19.9 ppsm)
- Densely-settled Rural (20.0 - 39.9 ppsm)
- Semi-Urban (40.0 - 149.9 ppsm)
- Urban (more than 150.0 ppsm)

*Classifications adopted by the Kansas Department of Health and Environment.

Exhibit KCC-1

Urban Clusters and Urbanized Areas in Kansas, 1999



Source: Institute for Policy & Social Research; data from U.S. Census Bureau, cartographic boundary files for Kansas Counties and 1999 Urban Areas.

EXHIBIT
KCC-2

Exhibit KCC-2

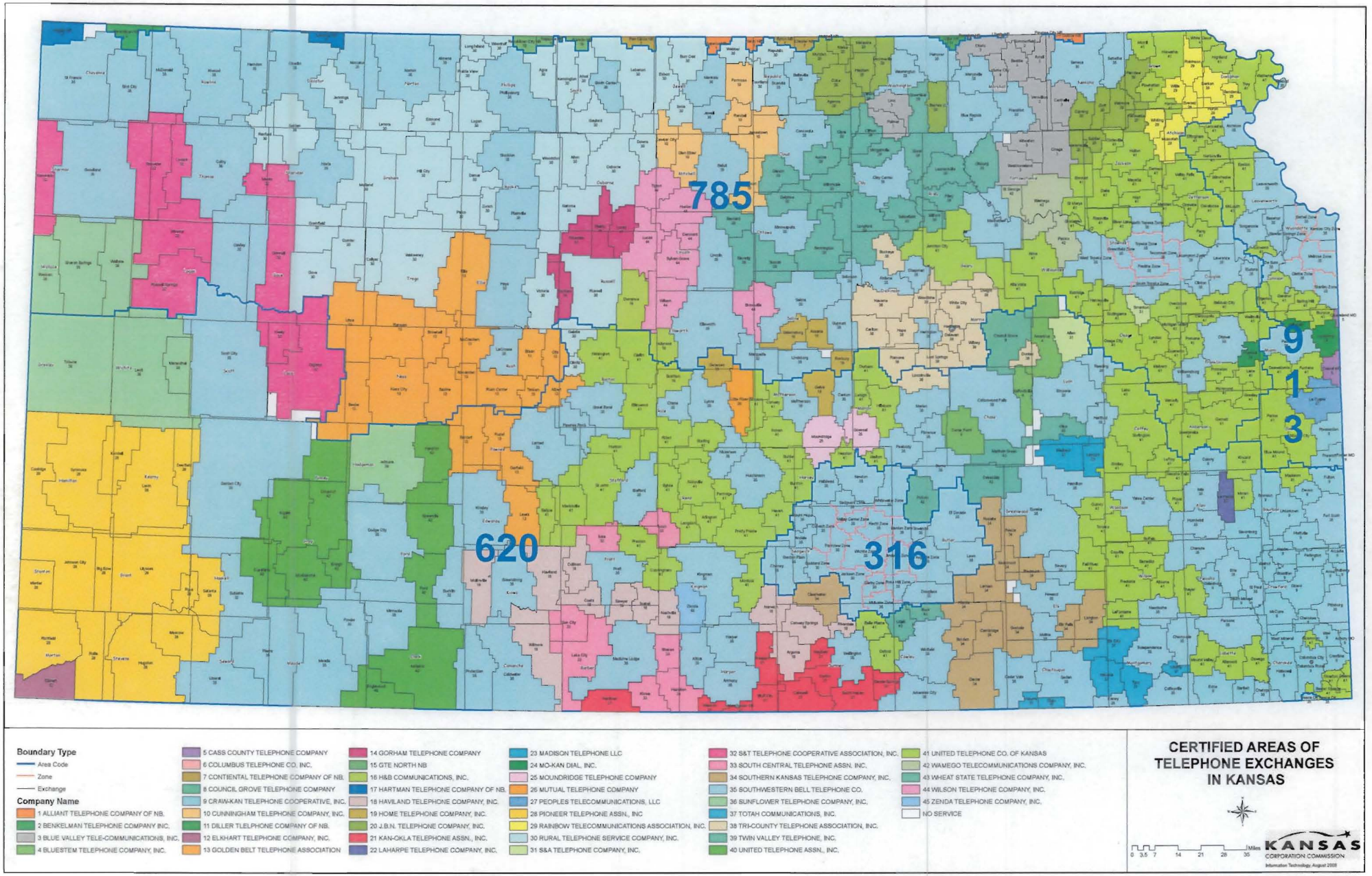


EXHIBIT
KCC-3

Exhibit KCC-3: Local Rates

Local Rates				
Incumbent Local Exchange Carrier	**Residential Rate* as of 9-30-1996**	**Business Rate* as of 9-30-1996**	**Residential Rate* as of 3-1-2011**	**Business Rate* as of 3-1-2011**
Rate-of-Return Carriers				
Bluestem Telephone Company (d/b/a Fairpoint Communications)	$10.99	$18.97	$13.74	$19.54
Blue Valley Tele-Communications, Inc.	$6.75	$8.25	$16.25	$19.25
Columbus Telephone Company, Inc.	$3.50	$5.00	$16.25	$19.25
Council Grove Telephone Company	$4.30	$7.05	$16.25	$19.25
Craw-Kan Telephone Cooperative, Inc.	$7.50	$11.00	$16.86	$19.86
Cunningham Telephone Company, Inc.	$7.25	$11.40	$16.25	$19.52
Elkhart Telephone Company, Inc.	$8.60	$16.30	$16.25	$19.80
Fairpoint Communications (f/n/a Cass County Telephone)			$12.00	$15.00
Golden Belt Telephone Association	$7.40	$10.50	$17.50	$20.50
Gorham Telephone Company, Inc.	$5.80	$9.45	$16.25	$19.25
H&B Communications, Inc.	$4.80	$7.30	$16.25	$19.25
Haviland Telephone Company, Inc.	$4.70	$7.70	$15.75	$18.75
Home Telephone Company, Inc.	$6.19	$6.19	$16.75	$16.75
JBN Telephone Company, Inc.	$9.42	$14.21	$16.25	$19.25
KanOkla Telephone Association, Inc.	$6.25	$9.25	$16.25	$19.25
LaHarpe Telephone Company, Inc.	$6.50	$9.00	$16.25	$19.25
Madison Telephone, LLC	$7.90	$12.70	$16.25	$19.25
MoKan Dial, Inc.	$6.20	$9.70	$12.10	$15.10
Moundridge Telephone Company, Inc.	$7.20	$10.95	$16.25	$19.25
Mutual Telephone Company	$8.20	$11.50	$16.25	$19.25
Peoples Telecommunications, LLC	$9.15	$13.05	$16.25	$19.25
Pioneer Communications	$3.25	$6.25	$17.50	$17.50
Rainbow Telecommunications Association	$7.50	$11.45	$16.25	$19.25
Rural Telephone Service Company, Inc.	$6.95	$10.50	$16.25	$14.75
S&A Telephone Company	$6.30	$7.05	$16.25	$19.25
S&T Telephone Cooperative Association, Inc.	$11.60	$18.60	$16.25	$19.25
South Central Telephone Association, Inc.	$5.30	$9.00	$16.25	$19.25
Southern Kansas Telephone Company, Inc.	$6.20	$8.95	$16.25	$19.25
Sunflower Telephone Company (d/b/a Fairpoint Communications)	$5.50	$9.00	$10.27	$15.06
Totah Telephone Company, Inc.	$7.25	$10.00	$16.65	$16.65
Tri-County Telephone Association, Inc.	$6.90	$11.65	$16.25	$19.25
Twin Valley Telephone, Inc.	$7.85	$10.85	$16.25	$19.25
United Telephone Association, Inc.	$4.50	$9.50	$17.00	$17.25
Wamego Telecommunications Company, Inc.	$8.10	$12.00	$16.25	$19.25
Wheat State Telephone, Inc.	$8.85	$13.50	$16.25	$19.25
Wilson Telephone Company, Inc.	$7.00	$11.25	$16.25	$19.25
Zenda Telephone Company, Inc.	$8.85	$11.35	$16.25	$19.25
Price-Cap Carriers				
AT&T	$8.95	$13.80	$15.70	$28.20
CenturyLink	$6.35	$9.35	$17.73	$28.66

* If there is more than one rate, the lowest rate is reported. All rates exclude the EUCL.

EXHIBIT
KCC-4

Exhibit KCC-4: 2009 Kansas ILEC Revenues

Based on 2009 Annual Report Data and 2009 Disbursements from USAC

	Customer Local Revenue	Access and Long Distance Revenue	Other Revenue	KUSF Support	FUSF Support	Total Revenue
Rural ILECs	$ 29,207,541	$ 73,686,023	$ 31,314,921	$ 24,943,214	$ 128,432,573	$ 287,584,272
AT&T and CenturyLink	$ 266,226,439	$ 302,326,841	$ 237,622,295	$ 23,093,972	$ 8,393,175	$ 837,662,722
All Kansas ILECs	$ 295,433,980	$ 376,012,864	$ 268,937,216	$ 48,037,186	$ 136,825,748	$ 1,125,246,994

All Kansas ILECs	**% of Total Revenue**
Customer Local Revenue	26.26%
Access and Long Distance	33.42%
Other Revenue	23.90%
KUSF	4.27%
FUSF	12.16%
Total	100.00%
All Kansas Rural ILECs	
Customer Local Revenue	10.16%
Access and Long Distance	25.62%
Other Revenue	10.89%
KUSF	8.67%
FUSF	44.66%
Total	100.00%
AT&T and CenturyLink	
Customer Local Revenue	31.78%
Access and Long Distance	36.09%
Other Revenue	28.37%
KUSF	2.76%
FUSF	1.00%
Total	100.00%

EXHIBIT
KCC-5

Exhibit KCC - 5
History of
Kansas Universal Service Fund (KUSF) Support
Paid to Carriers
(3/1997 to 2/2002)

Carrier	Year 1 (3/97-2/98)	Year 2 (3/98-2/99)	Year 3 (3/99-2/00)	Year 4 (3/00-2/01)	Year 5 (3/01-2/02)	Total (3/97-2/02)
Bluestem	$ 169,316	$ 169,317	$ 169,685	$ 259,455	$ 235,750	$ 1,003,523
Blue Valley	475,153	468,889	467,017	979,180	1,098,319	3,488,558
Cass County	31,172	31,960	33,850	58,081	57,576	212,639
Columbus	97,111	67,999	41,409	167,398	149,070	522,987
Council Grove	17,773	-	-	86,993	75,616	180,382
CrawKan	295,743	295,743	295,743	2,123,826	1,830,363	4,841,418
Cunningham	533,448	533,448	533,448	651,858	709,793	2,961,995
Elkhart	-	-	-	312,432	365,950	678,382
Golden Belt	883,514	883,514	883,514	1,230,320	1,246,952	5,127,814
Gorham	36,702	36,610	36,567	55,972	57,656	223,507
Haviland	464,305	373,765	357,275	614,830	593,323	2,403,498
H & B	544,720	522,616	518,031	572,322	577,968	2,735,657
Home	529,392	515,264	526,675	689,102	689,475	2,949,908
JBN	509,790	509,790	522,661	833,711	828,153	3,204,105
KanOkla	642,033	643,230	644,595	767,240	769,137	3,466,235
LaHarpe	33,740	31,184	31,184	69,366	74,128	239,602
Madison	269,088	269,088	269,310	356,767	346,070	1,510,323
MoKan Dial	24,984	-	-	453,667	906,758	1,385,409
Moundridge	422,819	422,819	431,891	776,796	778,901	2,833,226
Mutual	23,692	24,984	24,984	80,125	81,154	234,939
Peoples	123,890	122,157	125,402	262,387	281,361	915,197
Pioneer	878,953	581,177	513,194	2,079,796	1,810,975	5,864,095
Rainbow	135,563	135,562	145,335	247,133	256,326	919,919
Rural	3,476,180	3,661,706	3,661,706	4,624,650	4,613,181	20,037,423
S & A	551,184	549,700	549,433	619,889	625,196	2,895,402
S & T	1,044,350	1,403,205	1,403,205	1,677,901	1,678,931	7,207,592
South Central	534,381	514,742	514,742	530,641	533,030	2,627,536
Southern KS	41,372	-	-	3,699,981	3,903,478	7,644,831
Southwestern Bell d/b/aAT&T	40,025,600	65,042,907	65,042,907	17,521,452	13,024,477	200,657,343
Sunflower	1,319,910	1,257,238	1,267,970	1,483,997	1,343,593	6,672,708
Totah	273,766	273,067	274,727	347,578	353,041	1,522,179
Tri-County	232,502	234,027	235,244	418,309	428,022	1,548,104
Twin Valley	693,262	701,928	705,395	893,489	920,038	3,914,112
United Telephone Assn	316,056	201,435	182,462	617,429	761,197	2,078,579
United of KS- CenturyLink	7,790,640	14,349,993	14,349,993	11,072,784	11,402,510	58,965,920
Wamego	-	-	-	218,254	308,190	526,444
Wheat State	667,876	671,600	671,600	911,281	935,539	3,857,896
Wilson	833,350	835,895	835,895	1,170,703	1,011,399	4,687,242
Zenda	81,924	81,923	82,145	98,119	104,897	449,008
						-
Western Wireless [b]	N/A	N/A	N/A	30,031	31,135	61,166
Total	$ 65,025,254	$ 96,418,482	$ 96,349,194	$ 59,665,245	$ 55,798,628	$ 373,256,803

Notes:
[a] Year 1 KUSF Support amounts are prior to any offset for rebalancing rates to the statewide average.
[b] Reflects actual KUSF support paid to Western Wireless.

Exhibit KCC - 5
History of
Kansas Universal Service Fund (KUSF) Support
Paid to Carriers
(3/2002 to 2/2007)

Carrier	Year 6 (3/02-2/03)	Year 7 (3/03-2/04)	Year 8 (3/04-2/05)	Year 9 (3/05-2/06)	Year 10 (3/06 - 2/07)	Total (3/02-2/07)
Bluestem	$ 50,478	$ 139,350	$ -	$ 15,038	$ 15,038	$ 219,904
Blue Valley	909,228	684,835	612,211	788,998	795,824	3,791,096
Cass County [a]	58,019	66,248	57,704	56,908	-	238,879
Columbus [b]	50,704	-	-	-	-	50,704
Council Grove	74,289	103,550	711,715	1,177,670	1,177,670	3,244,894
CrawKan	1,459,344	2,194,637	1,855,253	2,013,935	2,013,935	9,537,104
Cunningham	708,202	770,021	736,248	628,476	587,495	3,430,442
Elkhart	350,868	468,078	468,078	495,326	206,334	1,988,684
FairPoint Missouri [c]						-
Golden Belt [d]	1,245,661	1,739,144	540,416	-	-	3,525,221
Gorham	57,217	85,483	77,515	78,352	144,343	442,910
Haviland	585,618	869,262	1,006,772	1,178,004	1,178,004	4,817,660
H & B	571,520	635,224	616,159	620,200	682,936	3,126,039
Home	646,200	820,852	806,494	841,912	841,912	3,957,370
JBN	711,788	321,347	321,347	383,489	383,489	2,121,460
KanOkla	767,665	938,894	892,252	942,699	941,891	4,483,401
LaHarpe	73,325	209,389	199,633	249,527	249,527	981,401
Madison	346,515	377,970	373,888	374,845	374,845	1,848,063
MoKan Dial [e]	909,633	1,189,640	-	22,384	22,384	2,144,041
Moundridge [f]	779,830	469,635	-	-	-	1,249,465
Mutual	80,677	112,288	112,288	119,826	119,826	544,905
Peoples	283,429	360,109	358,500	367,052	367,052	1,736,142
Pioneer	2,878,119	3,401,527	3,032,983	3,068,660	3,068,660	15,449,949
Rainbow	252,460	385,588	344,398	367,989	367,989	1,718,424
Rural	4,039,753	4,252,626	4,068,765	4,267,840	4,347,471	20,976,455
S & A	623,319	498,970	444,855	451,257	451,257	2,469,658
S & T	1,405,968	1,015,774	986,605	1,052,515	1,052,515	5,513,377
South Central	541,608	637,931	612,755	880,421	426,166	3,098,881
Southern KS	974,650	1,487,371	1,363,147	1,387,409	1,387,409	6,599,986
Southwestern Bell d/b/a AT&T	10,500,596	9,397,260	8,913,467	8,451,477	8,286,106	45,548,906
Sunflower [g]	7,057	43,233	-	-	-	50,290
Totah	352,609	522,967	489,127	460,182	342,946	2,167,831
Tri-County	427,764	606,215	528,531	1,356,399	1,868,783	4,787,692
Twin Valley [h]	920,040	1,051,368	1,401,878	1,441,078	3,035,316	7,849,680
United Telephone Assn	760,680	1,153,348	829,107	308,588	308,588	3,360,311
United of KS d/b/a CenturyLink	11,436,996	11,660,366	10,717,734	11,149,865	9,523,877	54,488,838
Wamego	290,051	498,973	385,493	494,482	519,484	2,188,483
Wheat State	928,574	1,027,316	897,767	935,551	935,551	4,724,759
Wilson	929,030	1,002,941	951,359	967,216	967,216	4,817,762
Zenda	104,830	123,771	120,487	128,970	128,970	607,028
						-
H&B Cable	N/A	N/A	31	11,528	11,617	23,176
Nex-Tech, Inc.	N/A	2,978	15,957	14,404	34,409	67,748
Nex-Tech Wireless	N/A	N/A	N/A	N/A	193,562	193,562
Sage Telecom	N/A	N/A	N/A	N/A	43,906	43,906
Western Wireless [i]	76,796	285,934	269,816	423,280	-	1,055,826
Total	$ 48,171,110	$ 51,612,413	$ 46,120,735	$ 47,973,752	$ 47,404,303	$ 241,282,313

Notes:
[a] Effective 3/1/2006, Cass County no longer received KUSF support, pursuant to Docket No. 05-GIMT-094-GIT.
[b] Effective 3/1/2003, Columbus no longer received KUSF support, pursuant to Docket No. 03-CBST-778-TAR.
[c] FairPoint Missouri purchased Cass County and does not receive KUSF support, pursuant to Docket No. 05-GIMT-094-GIT.
[d] Effective 7/1/2004, Golden Belt no longer received KUSF support, pursuant to Docket No. 04-GNBT-130-AUD.
[e] Effective 3/1/2004, MoKan did not receive KUSF support, per Docket No. 04-MKNT-364-AUD and then received support due to intrastate access rate adjustments.
[f] Effective 8/1/2003, Moundridge no longer received KUSF support, pursuant to Docket No. 04-MRGT-1117-AUD.
[g] Effective 6/1/2003, Sunflower no longer received KUSF support, pursuant to Docket No. 01-SFLT-879-AUD.
[h] Effective 3/1/2006, Twin Valley's KUSF support includes support for the exchanges purchased from Embarq, per Docket No. 09-TWVT-069-KSF.
[i] Reflects actual KUSF support paid to Western Wireless', see Docket No. 08-GIMT-315-GIT. Effective 1/1/2006, KUSF support was no longer paid for the property since it was purchased by U.S. Cellular.

Exhibit KCC - 5
History of Kansas Universal Service Fund (KUSF) Support
Paid to Carriers
(3/2007 to 2/2012)

Carrier	Year 11 (3/07-2/08)	Year 12 (3/08-2/09)	Year 13 (3/09-2/10)	Year 14 (3/10-2/11)	Year 15 (EST) (3/11-2/12)	Total (3/07-2/12)	Grand Total Paid (Yrs 1- 14) (3/97-2/11)
Bluestem	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,223,427
Blue Valley [a]	723,134	694,068	691,631	983,631	774,280	3,866,744	11,146,398
Cass County					-	-	451,518
Columbus [b]	-	68,750	40,884	40,884	18,207	168,725	742,416
Council Grove	1,143,609	1,121,445	1,049,078	1,049,078	1,030,545	5,393,755	8,819,031
CrawKan	1,592,271	1,447,143	1,206,949	1,206,949	847,946	6,301,258	20,679,780
Cunningham	544,621	530,043	474,334	474,334	421,586	2,444,918	8,837,355
Elkhart	95,570	94,130	65,153	65,153	35,501	355,507	3,022,573
FairPoint Missouri	-	-	-	-	-	-	-
Golden Belt [c]	-	-	-	316,000	719,607	1,035,607	9,688,642
Gorham	233,857	220,305	199,411	199,411	179,357	1,032,341	1,698,758
Haviland [d]	1,144,711	1,103,203	1,038,595	605,847	-	3,892,356	11,113,514
H & B	789,509	779,873	742,998	742,998	715,289	3,770,667	9,632,363
Home	797,648	775,196	687,724	687,724	622,957	3,571,249	10,478,527
JBN	299,745	275,577	217,027	217,027	179,363	1,188,739	6,514,304
KanOkla	897,028	873,736	788,417	788,417	750,254	4,097,852	12,047,488
LaHarpe	242,820	238,164	195,524	195,524	149,090	1,021,122	2,242,125
Madison	306,220	270,348	249,060	249,060	244,012	1,318,700	4,677,086
MoKan Dial	-	-	-	-	-	-	3,529,450
Moundridge [e]	50,000	600,000	411,038	386,229	283,309	1,730,576	5,813,267
Mutual [f]	109,126	115,821	253,217	253,217	235,475	966,856	1,746,700
Peoples	303,766	252,126	214,920	214,920	169,503	1,155,235	3,806,574
Pioneer	2,739,308	2,573,744	2,173,177	2,173,177	2,051,848	11,711,254	33,025,298
Rainbow	353,456	333,799	248,322	248,322	198,803	1,382,702	4,021,045
Rural	4,246,848	4,134,153	3,770,795	3,770,795	3,366,540	19,289,131	60,303,009
S & A	436,826	426,602	400,660	400,660	370,725	2,035,473	7,400,533
S & T	1,000,349	973,445	881,266	881,266	814,404	4,550,730	17,271,699
South Central	392,404	375,220	321,782	321,782	274,872	1,686,060	7,412,477
Southern KS	1,439,576	1,380,260	1,324,601	1,324,601	1,279,443	6,748,481	20,993,298
Southwestern Bell d/b/a AT&T [g	7,946,568	7,733,329	7,751,513	7,021,093	6,517,049	36,969,552	283,175,801
Sunflower	-	-	-	-	-	-	6,722,998
Totah	314,129	299,657	249,056	249,056	256,707	1,368,605	5,058,615
Tri-County	1,771,175	1,733,327	1,607,197	1,607,197	1,428,788	8,147,684	14,483,480
Twin Valley [h]	2,993,551	3,069,491	3,935,069	3,935,069	3,750,027	17,683,207	29,446,999
United Telephone Assn (i)	182,774	120,218	72,009	72,009	-	447,010	5,885,900
United of KS d/b/a CenturyLink	9,811,242	12,391,763	14,257,689	17,625,923	12,997,901	67,084,518	180,539,276
Wamego	433,721	367,061	152,432	152,432	50,447	1,156,093	3,871,020
Wheat State	873,853	844,969	756,961	756,961	688,623	3,921,367	12,504,022
Wilson	918,092	893,156	843,679	843,679	786,908	4,285,514	13,790,518
Zenda	121,411	119,143	100,130	100,130	94,078	534,892	1,590,928
						-	
Epic Touch	84,779	92,444	82,307	76,487	56,681	392,698	392,698
H&B Cable [j]	17,069	23,298	25,393	33,607	26,230	125,597	148,773
Nex-Tech, Inc.	49,060	40,948	42,090	44,304	41,927	218,329	286,077
Nex-Tech Wireless	1,758,253	2,828,473	3,835,114	4,894,329	5,173,696	18,489,865	18,683,427
Sage Telecom	58,849	55,287	66,550	70,980	60,157	311,823	355,729
United Wireless Communications	284,146	539,418	673,361	781,296	806,193	3,084,414	3,084,414
Western Wireless	N/A	N/A	N/A	N/A	N/A	-	1,116,992
Total	$ 47,501,074	$ 50,809,133	$ 52,097,113	$ 56,061,558	$ 48,468,328	$ 254,937,206	$ 869,476,322

Notes:
[a] Blue Valley's KUSF support was increased, effective 11/1/2009. (10/30/2009 Order, Docket No. 09-BLVT-913-KSF).
[b] Columbus began receiving KUSF support, effective 4/1/2008. (3/27/2008 Order, Docket No. 08-CBST-400-KSF).
[c] Golden Belt began receiving KUSF support, effective 11/1/2010. (10/2010 Order, Docket No. 10-GNBT-526-KSF).
[d] Company's KUSF support was eliminated, effective 11/1/2010. (9/2010 Order, Docket No. 10-HVDT-288-KSF).
[e] Effective 2/1/2008, Moundridge receives $600,000 of annual KUSF support. (Docket No. 08-MRGT-221-KSF).
[f] Effective 1/1/2009, Mutual's annual KUSF support was increased. (Docket No. 08-MTLT-091-KSF).
[g] Includes KUSF support associated with Nex-Tech, Inc. and Sage Telecom provisioning service via LWC.
[h] Effective 2/1/2009, Twin Valley's KUSF support was increased. (Docket No. 08TWVT-069-KSF).
[i] Subject to change based on Docket No. 10-UTAT-525-KSF.
[j] H&B Cable received KUSF support for the period March 2007 - February 2009 in Docket No. 09-GIMT-272-GIT.

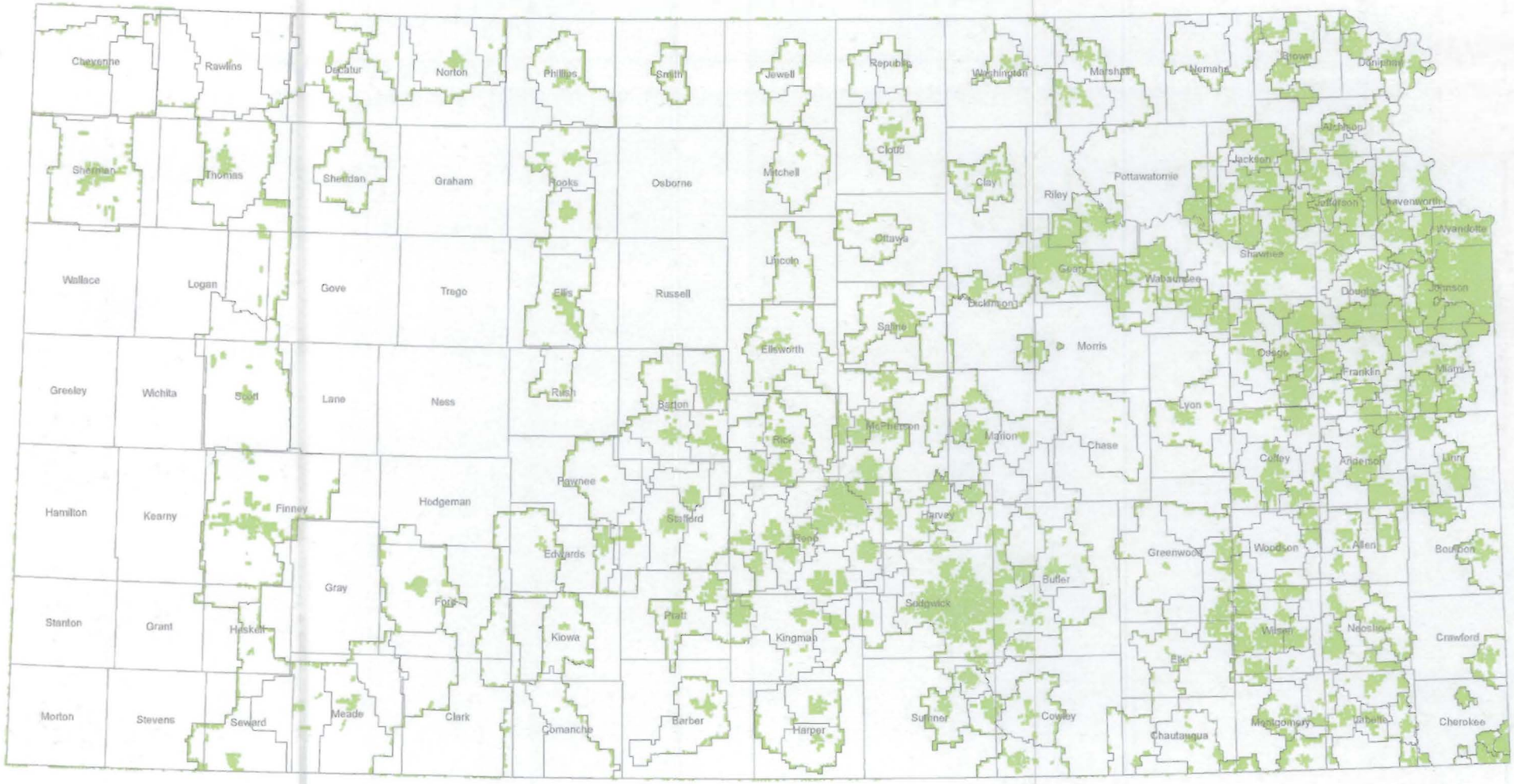
EXHIBIT
KCC-6

COMPANY	HCL	Loops	HCL/LOOP	HCM	SNA	Loops	SNA/LOOP	SVA	Loops	SVA/LOOP	LSS	Loops	LSS/LOOP	ICLS	Loops	ICL/LOOP	IAS	Loops	IAS/LOOP	Total FUSF	Total FUSF Per Loop
INCUMBENT CARRIERS																					
BLUE VALLEY TELEPHONE COMPANY	$ 4,778,043	3,978	$ 1,201	$ -	$ 83,640	2,668	$ 31	$ 908,190	1,310	$ 693	$ 934,716	2,668	$ 350	$ 3,006,420	3,954	$ 760	$ -			$ 9,711,009	$ 3,036
COLUMBUS TELEPHONE COMPANY	764,118	1,926	$ 398	-	128,856	1,920	$ 67	-			50,028	1,920	$ 26	551,010	1,815	$ 304	-			$ 1,494,012	$ 795
COUNCIL GROVE TEL. CO.	1,332,678	1,888	$ 706	-	-	1,888	$ -	-			76,800	1,888	$ 41	659,436	1,859	$ 355	-			$ 2,068,914	$ 1,101
CRAW-KAN TELEPHONE COOP INC.-KS	3,113,232	11,764	$ 265	-	-			-			421,800	11,764	$ 358	2,055,276	11,267	$ 182	-			$ 5,590,308	$ 805
CUNNINGHAM TELEPHONE CO. INC.	926,265	1,177	$ 787	-	44,604	1,177	$ 38	-			92,184	1,177	$ 65	741,732	1,096	$ 677	-			$ 1,804,785	$ 1,566
ELKHART TELEPHONE COMPANY INC	2,010,564	1,423	$ 1,413	-	24,924	1,423	$ 18	-			324,516	1,423	$ 61	1,455,848	1,389	$ 1,047	-			$ 3,813,852	$ 2,538
GOLDEN BELT TELEPHONE ASSN. INC.	3,674,832	5,304	$ 693	-	-	5,304	$ -	-			(94,212)	5,304	$ (317)	1,677,378	5,072	$ 331	-			$ 5,257,998	$ 706
GORHAM TELEPHONE COMPANY INC.	635,868	546	$ 1,165	-	-	297	$ -	-			20,904	297	$ 24	598,920	534	$ 1,122	-			$ 1,255,692	$ 2,311
H & B COMMUNICATIONS INC	307,680	854	$ 360	-	30,252	854	$ 35	-			226,380	854	$ 66	343,440	719	$ 478	-			$ 907,752	$ 940
HAVILAND TELEPHONE COMPANY INC	3,140,454	3,414	$ 920	-	-	3,414	$ -	-			127,812	3,414	$ 71	1,381,014	3,290	$ 420	-			$ 4,649,280	$ 1,410
HOME TELEPHONE COMPANY INC.	1,222,968	1,810	$ 676	-	25,644	1,810	$ 14	-			430,596	1,810	$ 238	1,228,086	1,709	$ 719	-			$ 2,907,294	$ 1,646
J. B. N. TELEPHONE COMPANY INC.	772,068	2,293	$ 337	-	54,060	2,293	$ 24	-			139,548	2,293	$ 61	468,780	2,148	$ 218	-			$ 1,434,456	$ 639
KANOKLA TEL. ASSOC. INC. - KS	2,400,051	1,963	$ 1,223	-	72,876	1,963	$ 37	-			81,960	1,963	$ 42	1,466,448	1,862	$ 788	-			$ 4,021,335	$ 2,089
LA HARPE TELEPHONE COMPANY INC	691,116	365	$ 1,893	-	-			-			76,728	365	$ 210	303,522	320	$ 949	-			$ 1,071,366	$ 3,052
MADISON TELEPHONE, LLC	579,540	614	$ 944	-	-	614	$ -	-			111,804	614	$ 182	317,244	566	$ 561	-			$ 1,008,588	$ 1,686
MOKAN DIAL, INC. - KS	201,708	3,465	$ 58	-	-			-			213,876	3,465	$ 62	471,408	3,344	$ 141	-			$ 886,992	$ 261
MOUNDRIDGE TEL. CO	934,824	2,542	$ 368	-	-			-			331,776	2,542	$ 131	464,916	2,431	$ 191	-			$ 1,731,516	$ 690
MUTUAL TELEPHONE COMPANY	834,978	463	$ 1,803	-	12,168	463	$ 26	-			296,124	463	$ 640	458,550	449	$ 1,021	-			$ 1,601,820	$ 3,493
PEOPLES TELECOMMUNICATIONS, LLC	1,231,260	1,414	$ 871	-	26,028	1,414	$ 18	-			255,924	1,414	$ 181	557,850	1,394	$ 400	-			$ 2,071,062	$ 1,470
PIONEER TELEPHONE ASSOCIATION INC.	2,702,361	13,584	$ 199	-	-			-			501,744	13,584	$ 37	2,342,304	12,792	$ 183	-			$ 5,546,412	$ 419
RAINBOW TEL COOPERATIVE ASSN INC	2,063,487	1,788	$ 1,154	-	49,884	1,788	$ 28	-			194,844	1,788	$ 109	1,117,974	1,781	$ 628	-			$ 3,426,189	$ 1,919
RURAL TEL. SERVICE CO., INC.	12,898,546	14,020	$ 920	-	140,304	9,135	$ 15	2,796,166	4,885	$ 572	62,868	9,135	$ 7	8,974,074	13,469	$ 666	-			$ 24,871,958	$ 2,181
S & A TEL. CO., INC.	793,920	845	$ 940	-	-	845	$ -	-			85,872	845	$ 102	243,630	770	$ 316	-			$ 1,123,422	$ 1,358
S & T TEL. COOP. ASSN	3,507,210	2,567	$ 1,366	-	-	2,567	$ -	-			215,280	2,567	$ 84	1,491,900	2,467	$ 605	-			$ 5,214,390	$ 2,955
SOUTH CENTRAL TEL. ASSN. INC.-KS	2,687,574	1,637	$ 1,642	-	92,592	1,637	$ 57	-			99,180	1,637	$ 61	1,179,804	1,576	$ 749	-			$ 4,059,150	$ 2,508
SOUTHERN KANSAS TEL. CO., INC.	4,308,180	4,385	$ 982	-	100,104	4,385	$ 23	-			247,404	4,385	$ 56	1,975,644	4,330	$ 456	-			$ 6,631,332	$ 1,518
SUNFLOWER TEL. CO., INC.	3,792	4,530	$ 1	-	-			-			119,328	4,530	$ 26	267,390	4,269	$ 63	-			$ 390,510	$ 90
TOTAH TELEPHONE CO. INC.	763,224	1,142	$ 668	-	21,036	1,142	$ 18	-			(36,912)	1,142	$ (32)	458,142	1,068	$ 429	-			$ 1,205,490	$ 1,083
TRI-COUNTY TEL. ASSN. INC.-KS	3,680,967	2,942	$ 1,251	-	43,764	2,942	$ 15	-			11,988	2,942	$ 4	2,245,992	2,913	$ 771	-			$ 5,982,711	$ 2,041
TWIN VALLEY TEL. INC.-KS	1,702,326	6,588	$ 258	-	-	2,028	$ -	893,133			396,732	2,028	$ 196	3,498,678	6,226	$ 562	-			$ 6,490,869	$ 1,016
UNITED TELEPHONE ASSN. INC.	2,720,367	5,126	$ 531	-	-	5,126	$ -	-			36,142	5,126	$ 7	1,759,074	4,933	$ 357	-			$ 4,515,583	$ 894
WAMEGO TELEPHONE COMPANY INC.	522,381	4,862	$ 107	-	-	4,862	$ -	-			917,136	4,862	$ 189	1,122,966	4,688	$ 240	-			$ 2,562,483	$ 536
WHEAT STATE TELEPHONE, INC.	974,382	2,207	$ 441	-	27,432	2,207	$ 12	-			318,444	2,207	$ 144	720,000	2,166	$ 332	-			$ 2,040,258	$ 931
WILSON TELEPHONE COMPANY INC	2,108,619	1,965	$ 1,073	-	32,424	1,965	$ 17	-			56,220	1,965	$ 29	1,167,138	1,810	$ 645	-			$ 3,364,401	$ 1,763
ZENDA TELEPHONE COMPANY INC.	142,269	177	$ 804	-	-			-			59,016	177	$ 333	81,060	167	$ 485	-			$ 282,345	$ 1,623
CENTURYLINK - UNITED EASTERN KS	$ 762,342	43,181	$ 18	$ -	$ -			$ -			$ 1,191,768	43,828	$ 27	$ -			$ 2,198,811	39,537	$ 56	$ 4,152,921	$ 100
CENTURYLINK -UTC OF KANSAS	157,636	40,826	$ 4									41,630	$ -	-			1,889,748	36,652	$ 52	$ 2,047,384	$ 55
CENTURYLINK - EMBARQ MO-KS	606	4,466	$ 0									4,466	$ -	-			$99,462	3,829	$ 26	$ 100,068	$ 26
SOUTHWESTERN BELL-KANSAS	-	-		-	-	-		-	-		-	-		-	-		699,495	659,456	$ 1	$ 699,495	$ 1
INCUMBENT CARRIER TOTAL	$ 72,052,439			$ -	$ 1,010,592	$ 68,131		$ 4,597,489			$ 8,596,318	$ 194,482		$ 46,851,048	110,643		$ 4,887,516	739,474		137,995,402	
COMPETITIVE CARRIERS																					
ALLTEL COMMUNICATIONS (WIRELESS	$ 12,087,704	51,361	$ 235	$ -	$ 160,460	43,255	$ 4	$ -			$ 1,467,365	51,361	$ 29	$ 8,259,023	51,058	$ 162	$ 193,821	266,087	$ 1	$ 22,168,373	$ 430
BIG RIVER TELEPHONE COMPANY	43,149	185	$ 233	-	372	49	$ 8	44,133	136	$ 325	1,176	185	$ 6	-			-			$ 88,830	$ 572
CELLULAR NETWORK PARTNERSHIP	1,107,549	1,085	$ 1,021	-	34,865	1,085	$ 32	-			43,829	1,085	$ 40	637,709	1,085	$ 588	-			$ 1,823,952	$ 1,681
COX COMMUNICATIONS	-	-		-	-			-			-			-			-			$ -	$ -
dpi TELECONNECT	-	-		-	-			-			-			-			-			$ -	$ -
EPIC TOUCH COMPANY	1,014,036	1,020	$ 994	-	12,309	913	$ 13	-			177,577	1,020	$ 174	836,108	1,020	$ 820	90	19	$ 5	$ 2,040,120	$ 2,006
H&B CABLE SERVICE, INC	2,511	190	$ 13	-	-			-			3,888	190	$ 20	-			8,144	374	$ 22	$ 14,543	$ 55
LIFECONNEX	-	-		-	-			-			-			-			-			$ -	$ -
NE COLORADO CELLULAR D/B/A/	-			-	-			-			-			-			390			$ 390	$ -
NEX-TECH, INC	-			-	-			-			-			-			28,337	12,566		$ 28,337	$ -
NEX-TECH WIRELESS, LLC	8,497,501	16,215	$ 524	-	54,640	11,879	$ 5	918,950	2,012	$ 457	268,112	15,778	$ 17	5,915,295	14,167	$ 418	125,076	27,261	$ 5	$ 15,779,574	$ 1,425
NEXUS	-			-	-			-			-			-			-			$ -	$ -
THE PAGER COMPANY	-			1	2			3			4			6						$ 15	$ -
RCC MINNESOTA, INC	131,422	1,735	$ 76	-	(1,363)	335	$ (4)	20,297	74	$ 274	(37,312)	1,735	$ (22)	109,486	1,690	$ 65	1,669	13,763	$ 0	$ 224,199	$ 389
SAGE	-			-	-						-			-			-			$ -	$ -
SPRINT SPECTRUM LP / PHILLIECO LP	197,041	29,099	$ 7	-	-	28,489	$ -	-			574,568	29,099	$ 20	-			316,142	306,574	$ 1	$ 1,087,751	$ 28
UNITED WIRELESS COMMUNICATION	1,568,159	5,147		-	209	3,838		-			58,059	5147		1,104,837			7,656	6,210		$ 2,738,920	$ -
USCOC OF NEBRASKA/KANSAS LLC	3,794,415	9,268	$ 409	-	26,941	5,313	$ 5	194,127	244	$ 796	655,794	9,277	$ 71	2,800,551	6,889	$ 407	266,915	43,183	$ 6	$ 7,738,733	$ 1,693
WESTERN WIRELESS	-			-	-			-			-			-	-		-	-		$ -	$ -
WESTLINK COMMUNICATIONS INC	787,876	3,193	$ 247	-	1,117	109	$ 10	-			258,908	3,193	$ 81	895,034	3,119	$ 287	1,251	4,493	$ 0	$ 1,944,186	$ n25
WILDFLOWER TELECOMM. LLC	1,986	575	$ 3	-	-	530	$ -	-			8,016	575	$ 14	-			26,142	698	$ 37	$ 36,144	$ 55
COMPETITIVE CARRIER TOTAL	$29,233,349				$289,552			$1,177,510			$3,479,984			$20,558,049			$ 975,633			$ 55,714,077	
ALL CARRIERS TOTAL	$ 101,285,788				$ 1,300,144			$ 5,774,999			$ 12,076,302			$ 67,409,097			$ 5,863,149			$ 193,709,479	

EXHIBIT
KCC-7

Exhibit KCC-7

Territories Served by Price Cap ILECs



This map represents areas of broadband service availability determined by technical analysis of provider networks and accommodations for the impact of external factors on service quality. Satellite broadband services may also be available. Broadband availability data provided by Connected Nation current as of 1 April 2011

N

Miles
0 10 20 40 60 80

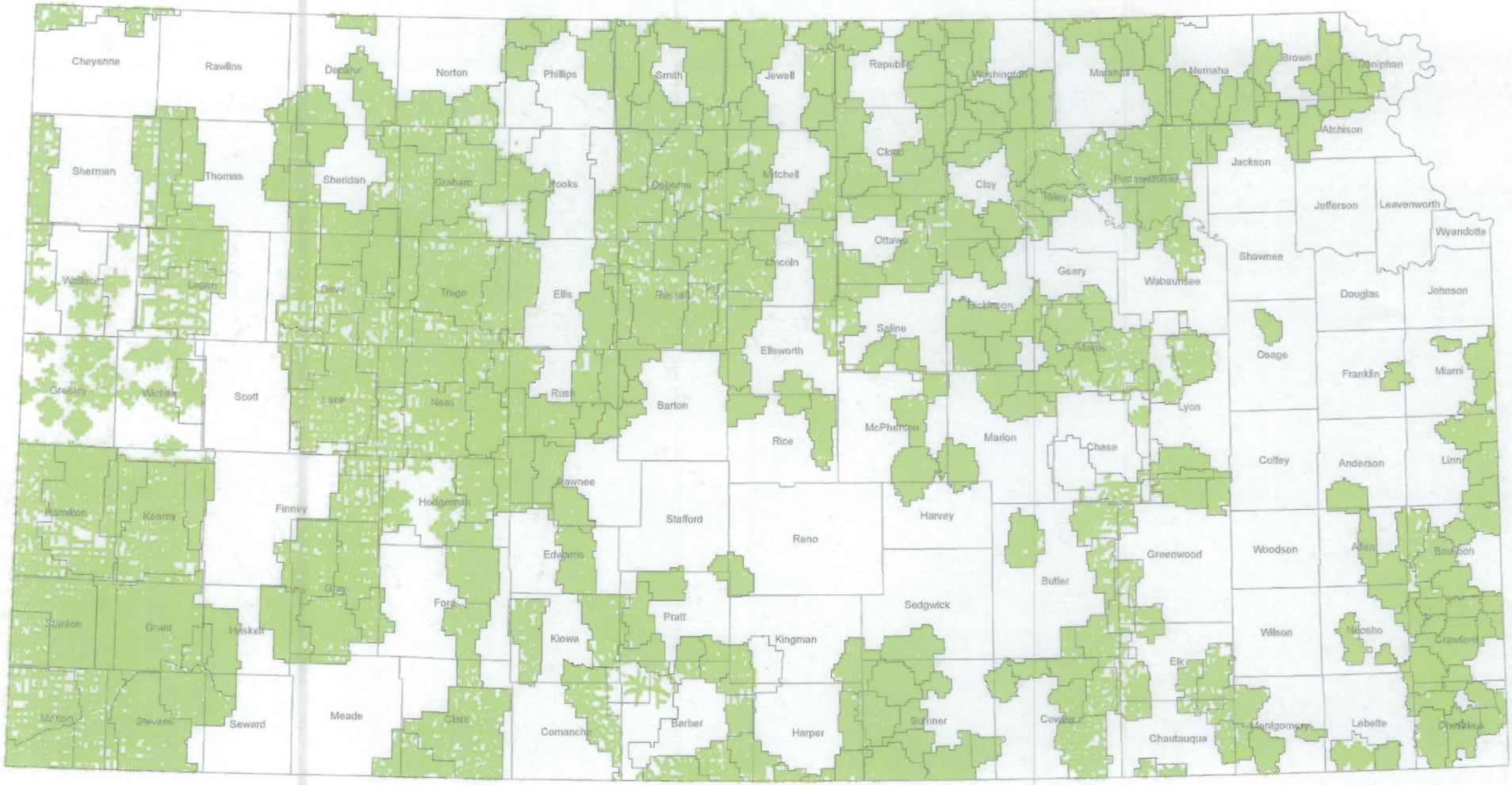
Broadband Available > 768 kbps

Kansas
Corporation Commission
18 April 2011

EXHIBIT
KCC-8

Exhibit KCC-8

Territories Served by Rate-of-Return ILECs



This map represents areas of broadband service availability determined by technical analysis of provider networks and accommodations for the impact of external factors on service quality. Satellite broadband services may also be available. Broadband availability data provided by Connected Nation current as of 1 April 2011

N

Miles
0 10 20 40 60 80

Broadband Available > 768 kbps

Kansas
Corporation Commission
18 April 2011

EXHIBIT
KCC-9

ILEC Broadband including DSL and Fiber

Data From Connect Kanas

Company	Total Square Miles in Service Area	Total Square Miles with Broadband Access	% of Square Miles with Broadband Aecess	Total Square Miles without Broadband Access	% of Square Miles without Broadband Access
Zenda Telephone Company, Inc.	112.36	5.38	5%	106.99	95%
AT&T	29,139.72	4,916.24	17%	24,223.48	83%
Bluestem Telephone Company, Inc.	403.09	78.86	20%	324.23	80%
Sunflower Telecom, Inc.	2,945.19	1,032.36	35%	1,912.83	65%
CenturyLink	10,839.41	4,375.27	40%	6,464.14	60%
South Central Telephone Assn. Inc.	836.99	513.13	61%	323.87	39%
Rural Telephone Service Company, Inc.	6,464.69	4,543.93	70%	1,920.76	30%
Council Grove Telephone Co.	223.23	177.55	80%	45.68	20%
S&T Telephone Coop Assn., Inc.	2,505.90	2,002.91	80%	502.99	20%
Southern Kansas Telephone Co., Inc.	1,444.59	1,199.74	83%	244.85	17%
Wheat State Telephone Company, Inc.	608.83	506.60	83%	102.23	17%
Cass County Telephone Company	52.27	44.11	84%	8.16	16%
Wilson Telephone Company, Inc.	975.28	858.50	88%	116.78	12%
Totah Telephone Company, Inc.	384.42	339.87	88%	44.55	12%
Gorham Telephone Company	394.34	349.52	89%	44.83	11%
Golden Belt Telephone Assn., Inc.	3,169.41	2,841.52	90%	327.90	10%
Pioneer Telephone Assn., Inc.	4,528.23	4,071.13	90%	457.10	10%
S&A Telephone Company, Inc.	184.96	166.54	90%	18.42	10%
Haviland Telephone Company, Inc	1,495.39	1,353.90	91%	141.49	9%
United Telephone Assn., Inc.	2,526.19	2,289.31	91%	236.88	9%
Wamego Telephone Company, Inc.	372.96	340.60	91%	32.36	9%
Elkhart Telephone Company, Inc.	165.03	153.01	93%	12.02	7%
H&B Communications, Inc.	307.32	285.83	93%	21.49	7%
Twin Valley Telephone, Inc.	2,324.34	2,202.54	95%	121.80	5%
Cunningham Telephone Company, Inc.	657.44	623.25	95%	34.19	5%
Kan-Okla Telephone Assn., Inc.	762.92	723.93	95%	38.99	5%
Home Telephone Company, Inc.	366.55	348.83	95%	17.72	5%
Craw-Kan Telephone Coop., Inc.	2,378.75	2,266.74	95%	112.00	5%
Tri-County Telephone Assn., Inc.	1,181.04	1,130.92	96%	50.11	4%
Peoples Mutual Telephone Company	154.40	148.21	96%	6.19	4%
Mutual Telephone Company	125.09	120.15	96%	4.93	4%
Madison Telephone Company, Inc.	196.13	189.55	97%	6.58	3%
Blue Valley Telephone Co.	1,023.06	999.52	98%	23.54	2%
Mo-Kan Dial, Inc.	142.34	139.95	98%	2.39	2%
J. B. N. Telephone Company, Inc.	989.49	980.76	99%	8.73	1%
Rainbow Telephone Coop. Assn., Inc.	475.13	471.69	99%	3.44	1%
Moundridge Telephone Company	257.57	257.33	100%	0.23	0%
Laharpe Telephone Company, Inc.	66.56	66.56	100%	0.01	0%
Columbus Telephone Co. Inc.	2.85	2.85	100%	-	0%
Total	81,183.46	43,118.56	53%	38,064.90	47%